



December 2016

HOMELESS VETERANS

Management Improvements Could Help VA Better Identify Supportive-Housing Projects

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Why GAO Did This Study

In August 2016, HUD and VA announced that the number of homeless veterans in the United States had been cut nearly in half since 2010 to less than 40,000. Part of this effort is the EUL program, which uses unneeded federal property (land or buildings) for housing for homeless veterans.

GAO was asked to review VA's EUL program and other efforts to end veteran homelessness. This report examines: (1) how VA uses EULs to provide supportive-housing and services, (2) VA's plans to develop additional supportive-housing through EULs and how past plans have been implemented, and (3) how HUD-VASH, GPD, and SSVF have helped support the goal of ending veterans' homelessness. GAO analyzed agency documents, VA data on enhanced-use leases, and VA data on the HUD-VASH, GPD, and SSVF programs. GAO visited 13 active supportive-housing EUL sites, selected to provide a range of locations and housing types. GAO interviewed VA and HUD officials, lessee representatives, service providers, and veteran organizations.

What GAO Recommends

GAO recommends that VA (1) document its decision-making process in selecting projects as required by VA's policy and (2) update its policy to address the current authority and specify how to identify properties for supportive-housing EULs to meet the needs of homeless veterans. VA concurred with both recommendations but disagreed with some of GAO's findings. GAO believes its findings are valid based on the evidence presented.

View [GAO-17-101](#). For more information, contact David J. Wise, (202) 512-2834 or wised@gao.gov or Alicia Puente Cackley, (202) 512-8678 or cackleya@gao.gov

What GAO Found

As of September 2016, for veterans who were homeless or at risk of homelessness, the Department of Veterans Affairs (VA) had developed 35 enhanced-use leases (EUL) for supportive-housing with low cost rental housing and coordinated access to medical, rehabilitative, mental healthcare, and other services. Each supportive-housing EUL is located on a VA medical center campus. Some lessee representatives told GAO that having access to federal property at little or no cost helped them to rehabilitate or build facilities to create supportive-housing. Furthermore, they noted that the close proximity to VA healthcare services allowed them to invest in other needed services for homeless veterans, such as counseling, job training, and quality-of-life amenities.

VA has plans to develop additional supportive-housing EULs, 6 of which are under construction and 16 in development. However, VA needs to improve its documentation and update its policies to develop additional EULs. VA officials did not provide clear and complete documentation for the selection of supportive-housing EUL projects, as required by VA policy, and *Standards for Internal Controls in the Federal Government*. Completely documenting this decision-making process for selecting properties could provide institutional knowledge to inform future decisions. Also, *Standards for Internal Controls in the Federal Government* states that management should periodically review policies and procedures for continued relevance and effectiveness of a federal program, and that management considers the impact of deficiencies identified in achieving documentation requirements. VA's existing policy on EUL projects is outdated. For example, it refers to an EUL authority that previously allowed the development of a full range of EUL projects. However, this authority is no longer in effect. VA is updating its EUL policy; however, the updated draft policy still does not discuss VA's limited authority to provide housing for homeless veterans. Further, the updated draft policy does not specifically provide direction on how to determine whether a proposed supportive-housing EUL meets the needs of homeless veterans. Without documented policies and procedures that address these needs, VA may not be well positioned to identify viable supportive-housing EUL projects and help ensure that those projects are successfully developed.

Three programs—Housing and Urban Development and VA Supportive-Housing (HUD-VASH), VA's Grant and Per Diem (GPD), and Supportive Services for Veteran Families (SSVF)—were used in conjunction with supportive-housing EULs to help support the goal of ending veteran homelessness. From fiscal years 2012 to 2016, the number of chronically homeless and vulnerable veterans housed through the HUD-VASH program increased from about 37,000 to 72,500. Community officials GAO interviewed stated that the HUD-VASH program has been instrumental in reducing chronic veteran homelessness. From fiscal years 2012 to 2016, veterans served by the transitional housing-focused GPD program remained relatively steady. Veterans and their family members participating in the SSVF program increased from about 33,000 in fiscal year 2012 to 149,000 in fiscal year 2016. According to the VA, rental assistance made up the majority of the temporary financial assistance provided by the SSVF program.

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Abbreviations

AMI	area median income
BURR	Building Utilization Review and Repurposing
EUL	enhanced-use lease
GPD	Grant and Per Diem
HUD	Department of Housing and Urban Development
HUD-VASH	HUD and VA Supportive Housing
LIHTC	Low Income Housing Tax Credit Program
NDS	New Directions Sepulveda
OAEM	Office of Asset Enterprise Management
OIG	Office of Inspector General
SSVF	Supportive Services for Veteran Families
USICH	U.S. Interagency Council on Homelessness
VA	Department of Veterans Affairs
VAMC	VA medical center
VHA	Veterans Health Administration

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December 21, 2016

The Honorable Johnny Isakson
Chairman
The Honorable Richard Blumenthal
Ranking Member
Committee on Veterans' Affairs
United States Senate

In August 2016, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Veterans Affairs (VA), and the U.S. Interagency Council on Homelessness (USICH) announced that the number of veterans experiencing homelessness in the United States had been cut nearly in half since 2010.¹ HUD estimates that 39,471 veterans were homeless in January 2016, declining from 74,087 in January 2010.² In 2009, USICH member agencies, including HUD and VA, outlined ending veteran homelessness by 2015 as a goal.³ One effort to house homeless veterans is through VA's use of its statutory authority to enter into enhanced-use leases (EULs) to use unneeded federal real property

¹See appendix II for the population of homeless veterans by state as of January 2016. An interactive graphic of this information can be viewed at <http://www.gao.gov/products/gao-17-101>.

²These estimates are from HUD's point-in-time count of sheltered and unsheltered homeless persons on a single night in January 2016 and January 2010. Sheltered homeless persons consist of those sheltered in emergency shelter, transitional housing, and Safe Havens (a form of supportive-housing for hard-to reach homeless persons with severe mental illness). Unsheltered homeless persons consist of those with a primary nighttime residence in a public or private spaces not designed or ordinarily used as sleeping accommodation, such as a car, park, abandoned building, bus or train station, or camping ground.

³HUD and VA are 2 of the 19 federal agencies that make up USICH. USICH has specified criteria for ending veteran homelessness. USICH stated that an end to homelessness does not mean that no one will ever experience a housing crisis again, but that every community will have a systematic response in place to prevent homelessness whenever possible and ensure that homelessness is a rare, brief, and non-recurring experience. USICH, *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*. (Washington D.C.: June 2015).

(land or buildings) for housing for homeless veterans.⁴ As of September 2016, there are 35 active supportive-housing EULs on VA campuses—that is, EULs that include supportive services such as mental health counseling or job training.⁵ EULs are typically long-term agreements with public and private entities, such as public-housing authorities and development corporations, for the use of federal property in exchange for cash considerations at fair value. As a part of the EUL program, VA provides access to federal facilities and land to the lessee and developer; however, the lessee is responsible for financing, developing, constructing, rehabilitating, operating, and maintaining the supportive-housing EUL for homeless veterans.⁶ Three federal programs play a key role in providing housing subsidies and supportive services in conjunction with VA's EULs—the HUD and VA Supportive-Housing (HUD-VASH) program that is jointly administered by HUD and the Veterans Health Administration (VHA), and two VA-run programs—Grant and Per Diem (GPD) and Supportive Services for Veteran Families (SSVF).

You asked us to review VA's use of EUL authority as well as other VA programs to provide housing for homeless veterans and end veteran homelessness. This report examines (1) how VA uses EULs to provide supportive-housing and services, (2) VA's plans to develop additional supportive-housing through EULs and how past plans have been implemented, and (3) how HUD-VASH, GPD, and SSVF have helped support ending veteran homelessness.

To describe VA's use of EUL authority to provide supportive-housing to veterans, we collected and analyzed data from VA on the 35 active and

⁴See 38 U.S.C. § 8162. Statute defines a veteran as a person who served in the active military, naval or air service, and was discharged or released under conditions other than dishonorable. 38 U.S.C. §101(2). There are currently five types of discharges: (1) honorable; (2) general; (3) other than honorable conditions or undesirable; (4) bad conduct; and (5) dishonorable. Active service means full-time service, other than active duty for training, as a member of the Army, Navy, Air Force, Marine Corps, Coast Guard, or as a commissioned officer of the Public Health Service, Environmental Science Services Administration or National Oceanic and Atmospheric Administration, or its predecessor, the Coast and Geodetic Survey.

⁵For the purpose of this report, we refer to EUL housing sites that provide supportive services as "supportive-housing EULs."

⁶VA, case managers, or other lessee staff who operate the facility provide services to the veterans living at supportive-housing EULs.

other supportive-housing EULs from July 1998 to September 2016.⁷ We also conducted site visits to 13 of the 35 active supportive-housing EULs located on or near VA medical center (VAMC) campuses in Lyons, New Jersey; Dayton, Ohio; St. Cloud and Minneapolis, Minnesota; Hines, Illinois; and Los Angeles, California.⁸ We judgmentally selected these supportive-housing EULs to include sites that presented a range of geographic locations; variety of stakeholders (e.g., public, private, and non-profit lessees and service providers); housing types (transitional and permanent housing); and ages of leases. At these sites, we interviewed VAMC officials, lessees, and service providers to understand factors involved in developing the EULs, the supportive services provided, and the benefits and challenges of developing supportive-housing through the EUL program.

To examine VA's plans to develop additional supportive-housing and how VA implemented past plans, we analyzed VA data from July 1998 to August 2016 for projects in construction, development, and on-hold. We also interviewed VA headquarters officials, local VA officials, lessees, and service providers at four VAMC campuses—Los Angeles, California; Hines, Illinois; Lyons, New Jersey; and St. Cloud, Minnesota—that have supportive-housing EULs under development.⁹ We also analyzed information on VA's Building Utilization Review and Repurposing (BURR) initiative, including the process for selecting supportive-housing EULs.¹⁰ Additionally, we reviewed EUL program policies on establishing and managing EULs, such as *VA Handbook 7415, Directive 7415, VA*

⁷We assessed the reliability of the data through interviews with knowledgeable VA officials and a review of the data for completeness and potential outliers.

⁸Some supportive-housing EULs are located on the same VAMC campus. For example, VA entered into four separate EUL agreements on the VAMC campus in Dayton, Ohio. Additionally, a supportive-housing EUL can have several buildings or facilities under the same lease.

⁹These four campuses were locations that we had visited as a part of our 13 site visits.

¹⁰Under the BURR initiative, VA evaluated unutilized and underutilized land and buildings on existing VA property for potential homeless housing projects for veterans through both public-private collaboration and VA's EUL program. According to VA officials, since 1998, they have conducted three national real estate initiatives—(1) Capital Asset Realignment for Enhanced Services, (2) Site Review Initiative, and (3) BURR—to address the needs of Veterans, 21st century technologies, updated health care delivery, aging infrastructure, and finite resources. Of these, only the BURR initiative is within the scope of this report.

Handbook 7454, and *Directive 7454*.¹¹ We also reviewed the Standards for Internal Control in the Federal Government.¹²

To describe how VA leverages key programs—HUD-VASH, GPD, and SSVF—to support ending veteran homelessness, we obtained VA data on performance targets and outcomes for each program for fiscal years 2012 to 2016.¹³ Additionally, we obtained analyses from VA, HUD, and academics on the effects of the three programs on veteran homelessness and the role these programs play in providing rent subsidies and services for supportive-housing EULs. To understand how these programs support housing for homeless veterans in general, as well as supportive-housing EULs in particular, we interviewed officials and representatives from the following agencies and organizations: VA; the Department of Labor; USICH; supportive-housing EUL lessees and service providers from 13 site visits as discussed earlier; not-for-profit organizations concerned with veterans' homelessness—including the National Alliance to End Homelessness, the National Coalition for Homeless Veterans, and Vietnam Veterans of America. We also interviewed officials in select locations that either have large populations of homeless veterans or have had success in reducing veterans' homelessness. Additionally, we

¹¹VA, *VA Handbook 7415, Enhanced-Use Leasing Program* (Washington, D.C.: Dec. 21, 2011); VA, *VA Directive 7415, Enhanced-Use Leasing Program* (Washington, D.C.: Dec. 21, 2011); VA, *VA Directive 7454, Enhanced-Use Leasing Post Transaction* (Washington, D.C.: June 29, 2012); and VA, *VA Handbook 7454, Enhanced-Use Leasing Post Transaction* (Washington, D.C.: June 29, 2012).

¹²GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

¹³We assessed the reliability of the data through interviews with knowledgeable VA officials and a review of the data for completeness and potential outliers. This report focuses exclusively on VA's housing programs for veterans—those programs that provide housing or housing subsidies to homeless veterans or veterans at risk of becoming homeless, in addition to other supportive services. It does not include all programs that VA administers that may support homeless veterans (i.e., the Health Care for Homeless Veterans Program and other such programs). In 2012, we found that 14 federal programs specifically targeted homeless veterans, including VA programs, Department of Labor's Homeless Veterans Reintegration Program, and programs operated by other agencies. See GAO, *Homelessness: Fragmentation and Overlap in Programs Highlight the Need to Identify, Assess, and Reduce Inefficiencies*, [GAO-12-491](#) (Washington, D.C.: May 10, 2012).

reviewed our prior work and the work of others relevant to our research objectives.¹⁴ For more detail on our methods, please see appendix I.

We conducted this performance audit from October 2015 to December 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

According to *The 2015 Annual Homeless Assessment Report to Congress*, veterans make up about 9.2 percent of the total U.S. population, and, they comprise about 10 percent of all homeless people.¹⁵ Ninety-one percent of homeless veterans are men, and according to a literature review conducted for the Department of Labor, three major health risks contributed to veteran homelessness: mental health problems, substance abuse, and chronic illnesses.¹⁶ VA and HUD both play a role in assisting homeless veterans. VA provides a broad range of benefits, including health care and housing, to homeless veterans and certain members of a veteran's family.¹⁷ HUD is the primary federal agency that provides funding for emergency shelters, permanent housing, and transitional housing to assist the homeless and those at risk of homelessness, including veterans.¹⁸

¹⁴GAO, *Homelessness: Fragmentation and Overlap in Programs Highlight the Need to Identify, Assess, and Reduce Inefficiencies*, [GAO-12-491](#) (Washington, D.C.: May 10, 2012), and GAO, *Veteran Homelessness: VA and HUD Are Working to Improve Data on Supportive-Housing Program*, [GAO-12-726](#) (Washington, D.C.: June 26, 2012)

¹⁵The U.S. Department of Housing and Urban Development, Office of Community Planning and Development; *The 2016 Annual Homeless Assessment Report to Congress, Part 2: Estimates of Homelessness in the United States* (Washington, D.C.: Oct. 2016).

¹⁶Avar Consulting, Inc., submitted to the U.S. Department of Labor, *A Review of the Literature Related to Homeless Veteran Reintegration* (Rockville, MD.: Nov. 2015).

¹⁷For the purpose of receiving supportive services for housing, a veteran family includes a veteran who is a single person, and a family in which the head of household or the spouse of the head of household is a veteran. 38 U.S.C. § 2044(f)(7).

¹⁸[GAO-12-491](#). In addition to VA and HUD, we found in May 2012 that six other federal agencies administer programs that target various homeless or at risk of becoming homeless populations.

Enhanced-Use Leases

VA views the authority to enter into EULs as an important component of both VA's mission to end veterans' homelessness and manage its real property assets. VA's Fiscal Year 2017 "EUL Consideration Report," provided in its budget submission to Congress, describes its management of unutilized and underutilized real property using its EUL authority and how EULs align with VA's initiative to eliminate veteran homelessness.¹⁹ VA is one of the largest non-defense federal property-holding agencies; VA officials stated that in fiscal year 2016, VA held about 155-million square feet and leased 25-million square feet of building assets, about 11.5-million square feet (or 6.4 percent) of which were unutilized or underutilized. Previously, VA was authorized to lease its unutilized or underutilized real property to public or private entities for any use that contributed to VA's mission.²⁰ This EUL authority expired on December 31, 2011.²¹ According to VA officials, from the EUL program's inception through December 2011, VA entered into 100 EULs, 9 of which VA subsequently terminated or disposed of the property.²² In 2012, VA received authority to enter into EULs, but only for supportive-housing, through December 2023.²³ Supportive-housing provides on-site and community-based support services for the veterans or their families who are homeless or at risk of homelessness.²⁴ Additionally, VA received authority to accept cash payments or to enter into an EUL without receiving payment. VA can execute EULs for terms of up to 75 years.²⁵ VA's Office of Asset Enterprise Management (OAEM) administers the EULs, with support from the VA's local facility staff. In addition, the lessee (such as a non-profit organization, public-housing authority, or a development corporation) play an important role in financing, developing, constructing, rehabilitating, operating, and maintaining the supportive-housing EUL for homeless veterans. The EUL process consists of four

¹⁹VA. *Volume 4 of the Department of Veterans Affairs 2017 Budget Submission*. (Washington, D.C.: February 2016). The VA "EUL Consideration Report" is a part of the VA budget submission.

²⁰Pub. L. No. 102-86, § 401 (1991).

²¹Pub. L. No. 106-117, § 208(e)(1999).

²²Some of these EUL facilities are not yet in operation because they are still under development or in construction.

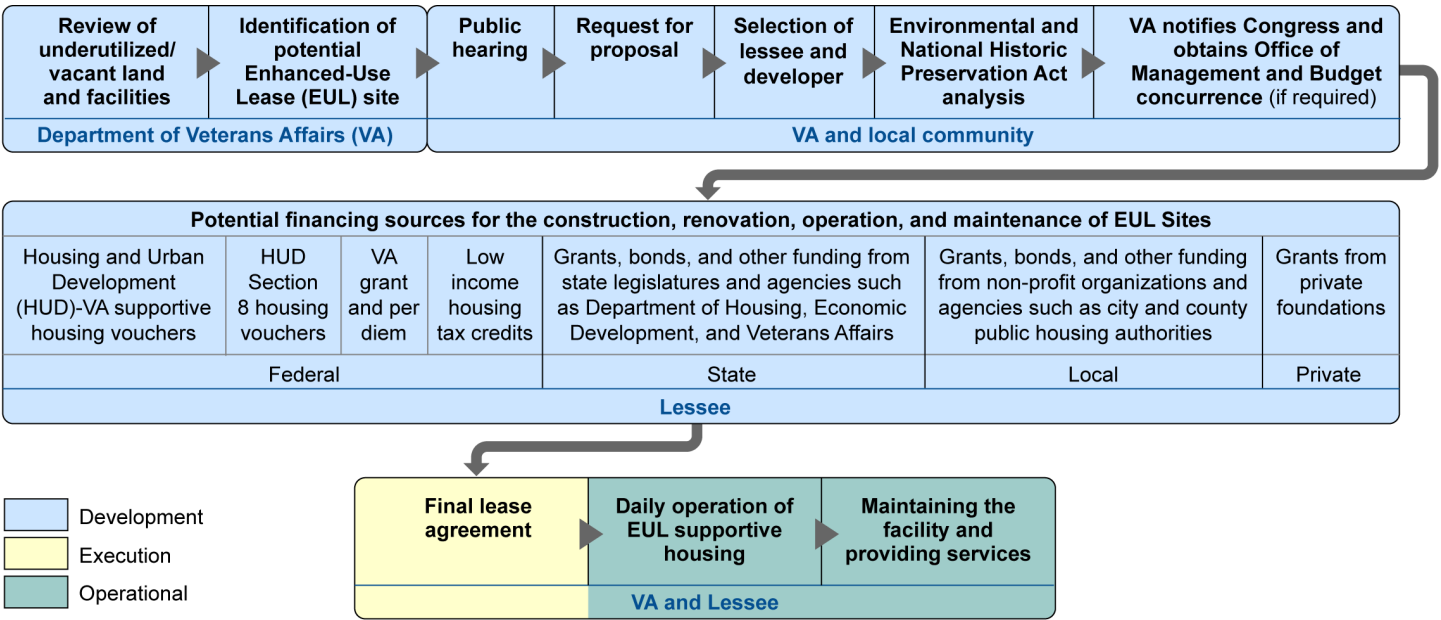
²³38 U.S.C §§ 8161-8169.

²⁴38 U.S.C. §8161(3). Supportive-housing includes transitional housing, single-room occupancy, permanent housing, assisted living housing, and other types of housing.

²⁵38 U.S.C. § 8162(b)(2).

phases: development, execution, operational, and if applicable, disposal (see fig. 1).²⁶ VA officials estimated that it takes 2 to 2.5 years from the time VA identifies unneeded property to the time doors open at a supportive-housing EUL.

Figure 1: Process for Development of a VA Supportive-Housing Enhanced-Use Lease, as of September 2016



Source: GAO analysis of Veterans Affairs' policies. | GAO-17-101

Note: The Director of the Office of Management and Budget must provide advance certification that VA EULs comply with Public Law 112-154.

HUD and VA Supportive-Housing, Grant and Per Diem, and Supportive Services for Veteran Families

HUD-VASH, GPD, and SSVF provide different types of housing assistance to fulfill different levels and areas of need. These programs provide supportive services and housing subsidies to eligible veterans, including those who live at EUL housing sites. HUD-VASH provides permanent supportive-housing assistance for homeless veterans, prioritizing chronically homeless and highly vulnerable veterans who have

²⁶VA uses the terms “formulation” to describe the development phase, and “steady state” to describe the operational phase. Once a supportive-housing EUL is open, VA uses the term “active.” For the purposes of our review, we focused on the first three phases: development, execution, and operational. In addition, VA uses the term “pre-development” to describe initial due diligence it conducts to determine if a property is suitable for an EUL.

a high level of housing and service needs, such as those with high barriers to employment and self-sufficiency.²⁷ In contrast, GPD provides transitional housing and SSVF focuses on short-term, crisis intervention when providing homeless prevention and rapid rehousing; both of these programs also provide supportive services for veterans who do not have as high a level of needs as those in the HUD-VASH program. See app. III for participant program eligibility.

- HUD and VA established the HUD-VASH program in 1992. HUD, through public-housing authorities, allocates subsidized housing vouchers to eligible homeless veterans and their families while VA provides case management and other services.²⁸ Through the program, the public-housing authority pays the subsidy to the landlord directly and the veteran family pays the remainder of the rent. A majority of the HUD-VASH vouchers are tenant-based, meaning that the vouchers move with the veterans. With the partnering VAMC's support, HUD allows public-housing authorities to make their HUD-VASH vouchers project-based (i.e., tied to a specific housing unit and not to a tenant).²⁹ Separately, in fiscal years 2010, 2014, 2015, and 2016, HUD awarded project-based vouchers to specific projects

²⁷Eligible veterans include the chronically homeless and others who are homeless with diminished functional capacity and need case management. HUD defines chronically homeless as a homeless individual with a disability who has not been living in a place meant for human habitation, in an emergency shelter, or in a safe haven for at least 12 months continuously or on at least four occasions in the last 3 years where those occasions cumulatively total at least 12 months. Additionally, the disabling condition must be of long and continuing duration; substantially impedes the individual's ability to live independently; and expected to improve with housing. VA defines highly vulnerable veterans as those who have (1) underlying chronic medical or mental health conditions that substantially affect life expectancy and/or ability to function that cannot be effectively cared for due to their homelessness; (2) advanced age and infirmity where unstable and unstructured homelessness places them at substantial risk for being able to maintain independent activities of daily living; (3) diminished cognitive capabilities that place them at increased risk of victimization physically, mentally, and/or through exploitation.

²⁸VA and HUD determine the allocation of vouchers based on geographic need as determined by the VA, public-housing authority administrative performance, and other factors that HUD and VA may specify.

²⁹In September 2011, HUD revised its guidance to remove the 50 percent limit on the amount of allocated vouchers that could be converted to project-based vouchers by a public-housing authority.

through competition.³⁰ Between fiscal year 2008 and 2016, HUD allocated about 82,500 tenant-based vouchers to public-housing authorities and about 4,800 project-based vouchers through competition to specific projects. Overall, Congress appropriated approximately \$75 million each year from 2008–2010 and 2012–2015, \$50 million in 2011, and \$60 million in 2016 for the HUD-VASH program.

- Congress originally authorized the GPD program in 1992 and reauthorized the program in December 2001. The program was permanently authorized in 2006.³¹ The GPD program generally provides transitional housing paired with intensive services and support to address a veteran’s barriers to achieving permanent housing. The program provides beds to homeless veterans in a supervised drug- and alcohol-free setting. Through GPD, VA awards grants to community agencies, including non-profit organizations and state and local government agencies. The grants fund up to 65 percent of the cost for acquiring, renovating, or constructing supportive-housing facilities or service centers and purchasing vans for outreach and transportation. GPD also provides funding for programs that provide services to homeless veterans. These services include case management, mental health treatment, and substance abuse treatment to help homeless veterans increase their residential stability, skill levels or income, and independence. VA designates GPD liaisons to oversee the program, provide case management, and determine veterans’ program eligibility. Congress generally increased its appropriation for the GPD program over the years, to about \$220 million in fiscal year 2015.³²
- Congress authorized SSVF in 2008, but the program first became operational in fiscal year 2012. SSVF provides rapid rehousing to prevent or address “literal” homelessness for very low income

³⁰To apply for project-based HUD-VASH vouchers through HUD’s set-aside award process, the developer of a project must submit an application through the public-housing authority, which selects a proposal. To apply, the local VAMC must support the project and the project must meet other qualifying criteria. HUD then scores the projects using several factors, including project readiness for occupancy; existence of EUL agreement with VA; supportive services provided; and relative need of homeless veterans in the area. The number of vouchers requested was limited to 50 per application in the 2010 award, but subsequently increased to 75 for the 2013–2016 awards.

³¹Pub. L. 109-461, sec. 703.

³²This figure does not include the appropriation for GPD liaisons.

veterans and families.³³ Through SSVF, VA awards grants to service providers, which are required to provide outreach, case management, VA benefit assistance, and provide or coordinate efforts to obtain other eligible benefits and community services for the veterans. Additionally, service providers provide temporary financial assistance such as rent, utility payments, childcare, and transportation.³⁴ Funding for SSVF has expanded from the initial appropriation of \$60 million in fiscal year 2011 to about \$300 million annually since fiscal year 2013.

³³A very low income veteran family is a veteran family whose annual income does not exceed 50 percent of the median income for an area or community. SSVF serves veterans and their families who are (1) "literally" homeless but who are scheduled to become residents of permanent housing within 90 days; (2) "literally" homeless and exited permanent housing within the previous 90 days in order to seek housing more responsive to their needs and preferences; or (3) currently residing in permanent housing but are at risk of becoming "literally" homeless. "Literally" homeless is defined as (1) an individual or family that has a primary nighttime residence that is a public or private place not designed for or ordinarily used as regular sleeping accommodation for human beings; (2) an individual or family living in supervised publicly or privately operated shelter designed to provide temporary living arrangements; or (3) an individual exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

³⁴With the exception of service providers that received 3-year non-renewable awards in fiscal year 2015, SSVF grantees are not required to provide temporary financial assistance. However, according to VA, all SSVF service providers offer temporary financial assistance as of August 2016. Service providers may only provide temporary financial assistance if it enables the veterans and their family to obtain or retain permanent housing. Service providers consider the minimum amount of assistance needed to prevent homelessness and determine the level of assistance on a case-by-case basis. When service providers cover rental assistance, VA encourages them to require participants to share the cost of rent as a condition for receiving assistance. The service provider pays the rent directly to the landlord.

VA Uses Supportive-Housing EULs to Provide Homeless Veterans with Affordable Housing and a Range of Services on VA Campuses

VA Uses EULs to Provide a Mix of Permanent and Transitional Housing

As of September 2016, VA had developed 35 active supportive-housing EULs for veterans who were homeless or at risk of homelessness with low cost rental housing and coordinated access to medical, rehabilitative, and mental healthcare, as well as other services on VA campuses.³⁵ The 35 EULs are located in 18 states.³⁶ Most of them provide permanent³⁷ or transitional housing while 5 EULs focus on senior and assisted living (see fig. 2). According to VA reports, supportive-housing EULs were developed for homeless and at-risk veterans; however, the population served was expanded to include senior veterans capable of independent living and veterans requiring assisted-living with supportive services.³⁸

³⁵VA executed 30 non-housing EUL's prior to the enactment of legislation, which limited EULs to supportive-housing. See Pub. L. No. 112-154, § 211(b)(2012).

³⁶An interactive graphic with details on the 70 EULs can be viewed at <http://www.gao.gov/products/gao-17-101>.

³⁷Housing is one of the highest unmet needs for homeless veterans according to VA. VA, *The Eighteenth Annual Progress Report, Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) for Veterans Report Fiscal Year (FY) 2011* (Washington, DC: February 2011).

³⁸VA, *Enhanced-Use Lease Program* (Washington, D.C.; June 2016), and VA, *Volume 4 of the Department of Veterans Affairs 2016 Budget Submission*. (Washington, D.C.: February 2015). The VA "EUL Consideration Report" is a part of the VA's budget submission. According to VA officials, supportive-housing EULs can house veteran family members and non-veterans. However, VA only collects data on the number of veterans housed.

Type of housing

- Permanent
- Transitional
- Permanent and Transitional
- Senior
- Assisted Living

As of September 2016, almost half (17 of 35) of the active supportive-housing EULs had operated for more than 5 years. Based on our analysis of VA data, these EULs include both “legacy” projects—those that VA completed prior to the BURR initiative—and those from the BURR initiative (see table 3 for more details on these projects).³⁹ In 1999, VA and the Housing Authority of the City of Vancouver established one of the

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first supportive-housing EULs, consisting of 124 units.⁴⁰ Additional supportive-housing EULs resulted in 2,391 total housing units as of September 2016. About 74 percent of these units provide permanent housing, which includes seniors' supportive-housing and assisted-living facilities (see table 1). According to VA officials, its four newest facilities opened in 2016 in Bedford and Northampton, Massachusetts, and Vancouver and Walla Walla, Washington. See appendix IV for a complete list of all 70 supportive-housing EULs and their status—active, under construction, in development, pre-development, on hold, and terminated—from 1998 through 2016.⁴¹

Table 1: Characteristics of Active Supportive-Housing Enhanced-Use Leases (EUL) as of September 2016

Type of supportive-housing EULs	Description	Number of supportive-housing EULs	Number of housing units
Permanent supportive-housing	Long-term housing with supportive services for people experiencing or at risk of homelessness, including those with disabilities	18	1496
Transitional	Time-limited housing that aims to facilitate the movement of homeless individuals and families to permanent housing within a reasonable amount of time (up to 24 months)	8	607
Both permanent and transitional	See definitions above	4	^a
Senior Supportive-Housing	Permanent housing for seniors age 62 and over	4	202
Assisted living	Permanent housing with services for the frail elderly and people with disabilities who can live independently but need assistance with activities of daily living	1	86
Total for active supportive-housing EULs		35	2391

Source: Analysis of Department of Veterans Affairs' Data and Information | GAO-17-101

^aWe added the housing units for this category to the permanent and transitional housing totals. There are four supportive-housing EULs that have transitional and permanent housing units: (1) Barbers Point, Hawaii; (2) Canandaigua, New York; (3) Leavenworth, Kansas; and (4) Northampton, MA. See app. IV for information on each EUL.

⁴⁰The units are located in Vancouver, Washington, which is about 9 miles from Portland, Oregon. Through this EUL, VA leased a previously vacant and undeveloped land parcel to the Housing Authority of the City of Vancouver. The Housing Authority then constructed a 124-unit single-resident occupant facility and studio apartments. Veterans receive priority placement into 62 units of the facility and benefit from its close proximity to a VA medical center.

⁴¹Appendix IV includes details on the 35 active EULs discussed in this objective.

VA's supportive-housing EULs serve a smaller but growing number of homeless veterans in relation to the other three key homeless programs in our review. Although the EUL program is smaller than the other key programs, VA officials stated that supportive-housing EULs play an important role in meeting the needs of homeless veterans with a mix of permanent and transitional housing on VA medical campuses. Furthermore, VA's Fiscal Year 2016 "EUL Consideration Report," noted that the amount of housing available to veterans has increased as VA has identified properties for development of additional supportive-housing EULs. As of fiscal year 2009, VA estimated that the supportive-housing EUL program provided housing for an average of 536 veterans a year.⁴² By fiscal year 2015 (the most recent year for which VA data are available), supportive-housing EULs provided 1,675 veterans with housing.

Supportive-Housing EULs Provide a Range of Services on VA Medical Campuses to Improve Veteran Health and Well-being











In addition to offering housing, EULs provide access to medical and rehabilitative care, mental health counselling, substance abuse treatment, and an array of other services on VA medical campuses aimed at improving veterans' health and well-being.⁴³ According to USICH, supportive-housing is widely recognized as the solution for vulnerable people experiencing chronic homelessness who often have the greatest challenge in finding and remaining in permanent housing.⁴⁴ Figure 3 provides examples of services that may be available at supportive-housing EULs to support veterans' health and wellness.

⁴²VA, *Enhanced-Use Lease Consideration Report Fiscal Year 2009-Final Report* (Washington, D.C.: August 2010).

⁴³According to VA officials, VA does not require a standard set of services at each location.

⁴⁴USICH. *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness 2015*. (Washington, D.C.: June 2015).

Figure 3: Examples of Services Offered to Improve Veterans' Health and Well-being at Supportive-Housing Enhanced-Use Leases

 Affordable housing: Subsidized rent	 Case management support: Licensed social worker during regular business hours and 24-hour crisis hotline
 Medical services: Close proximity to VA medical center	 Mental health: Individualized counseling and support groups
 Transportation access: Shuttle on and off VA medical campus, contracted or public transportation	 Substance abuse counseling: Drug free environment and substance abuse treatment
 Quality of life amenities: Access to gym, laundry room, recreation room, library, community gardens, yoga, and mail services	 Employment skills: Job training, resume development, interview skills, and computer-training courses
 Nutrition: Veterans may have access to a food pantry, small kitchens in their room, cafeteria, or shared kitchen	 Social program benefits: Coordination and assistance with applying for government, non-profit, and private sector programs benefitting veterans

Source: GAO analysis of lessee information. | GAO-17-101

Below are examples of the services available at some of the permanent, transitional, and senior living supportive-housing EUL sites we visited. For profiles on each of the 13 sites we visited, including information about the supportive services offered and the housing assistance programs, see appendix V.

- Lyons, New Jersey (permanent housing): According to lessee officials, the majority of the units receive project-based HUD-VASH vouchers, which provide housing subsidies and case management services. Other supportive services include in-home counseling and on-site and 24/7 on-call crisis prevention and intervention, assistance with applying for benefits, financial budgeting, legal assistance, and vocational training.
- Los Angeles, California (permanent housing): Two supportive-housing EUL facilities are located on the VA Sepulveda Ambulatory Care Center campus and specifically serve disabled veterans. These supportive-housing EULs receive project-based HUD-VASH vouchers, which provide housing subsidies, on-site case management, and service coordination. Other supportive services include job training and placement, counseling, and legal services.
- Fort Snelling, Minneapolis, Minnesota (permanent housing): Three full-time, on-site service coordinators focus on assisting veterans with independent living, education, employment, and VA services. According to lessee officials, supportive-housing services provide trauma-informed care, crisis management, academic and social support, and job training. These supportive-housing EULs receive

project based HUD-VASH vouchers, which provide housing subsidies, case management, and service coordination.

- St. Cloud, Minnesota (permanent housing): Located on the St. Cloud VAMC, the studio units are available to veterans who are in transition from a chemical-dependency treatment facility and in need of supportive services and housing. Facility amenities include media rooms, a communal kitchen, and a community room.
- Hines, Illinois (transitional housing): The supportive-housing EUL provides transitional housing and supportive services through the GPD program. These services focus on chemical dependency recovery for residents, and include structured days, balanced meals in a communal dining area, rehabilitative work training, individual counseling, recovery groups, holistic education, and assistance with permanent housing placement.
- Dayton, Ohio (senior housing): The senior-living supportive-housing serves low income veterans age 62 and over, including supportive services designed to help veteran residents achieve self-sufficiency. The supportive-housing EUL receives housing vouchers from HUD programs for the elderly and low income families.

In addition to the supportive services provided for residents at supportive-housing EULs, VA and the lessee provide basic-administrative and operational services, such as transportation, mail delivery, and law enforcement. In some cases, the lessees face challenges getting these services up and running as the provision of these services involves multiple parties, for example:

Transportation: VA officials identified the need to provide transportation services as a challenge in cases where public transportation is not easily accessible to the supportive-housing EUL location. We found that several supportive-housing EUL sites we visited provided veterans with some type of transportation. For example, one lessee provided veterans transportation to another VA campus for psychiatric, substance abuse, and other specialized care. Other lessee officials said that VA provided a campus shuttle to medical appointments on campus or provided funds for public transportation. A USICH report noted that transportation is critical in helping connect residents in supportive-housing to jobs, schools, health care, and childcare.⁴⁵ We previously reported on VA programs to

⁴⁵USICH. *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness 2015*. (Washington, D.C.: June 2015).

transport homeless veterans to VA or other private medical care in partnership with community-based providers.⁴⁶ For example, the Veterans Health Administration developed the Veterans Transportation Service to help veterans obtain care by improving coordination with other transportation service providers in the community. Similarly, lessees told us they work with other community organizations to find transportation options for residents.

Mail Delivery: In some cases, supportive-housing EULs faced the challenge of ensuring that the U.S. Postal Service delivers personal mail to residents, rather than to a central location on the VA campus. For example, at the supportive EUL in Sepulveda, California, it took 3 years to work out an arrangement with the Postal Service to deliver personal mail directly to the residents at the housing facility. EUL residents experienced delays in receiving mail when the Postal Service delivered it along with all of the mail for the entire VA medical campus. The mail for EUL residents was sorted from that delivered to the VA medical campus, delivered to the EUL, and then sorted again for each individual resident. This was problematic for the residents who needed personal mail on a timely basis for income and benefits, such as Social Security disability checks.

Law Enforcement: VA officials noted that they have helped resolve issues of jurisdictional law enforcement authority between local law enforcement and VAMC campus police. This issue is a concern at some supportive-housing EULs because the EUL is a private residential facility located on a federal medical campus. Local law enforcement has jurisdiction over the private housing facility, and VA has jurisdiction for the part of the campus it operates. However, at times, it is unclear to local law enforcement agencies which organization is the first responder for the EUL facility. According to VA attorneys, a memorandum of understanding with local authorities to clarify first responder roles has helped some supportive-housing EULs to address the challenges of concurrent jurisdiction.

⁴⁶See GAO, *Transportation-Disadvantaged Populations: Federal Coordination Efforts Could Be Further Strengthened*, [GAO-12-647](#) (Washington, D.C.: June 2012).

Supportive-Housing EULs
Can also Benefit VA,
Lessees, Developers, and
the Local Community

In addition to the benefits to homeless veterans, our analysis of VA-reported data for EULs in operation from fiscal years 2006 through 2015 generated almost \$275 million in benefits to veterans, VA, and the community. These benefits came in the form of lease revenue, cost avoidance, cost savings, and enhanced services, net of any new VA expenses (see table 2).⁴⁷ VA’s Fiscal Year 2017 “EUL Consideration Report,” said that supportive-housing EULs resulted in cost savings by repurposing underutilized capital assets or transferring the cost to construct or renovate, operate, and maintain these properties to third-party partners (the lessees of the supportive-housing EULs).⁴⁸ Further, allowing homeless veterans to stay in a VA medical center bed is more costly than providing them with supportive-housing. VA also reported qualitative benefits, including strengthening the network of local services available to veterans and developing community partnerships.

Table 2: Considerations and Veterans Affairs Expenses for 29 Supportive-Housing Enhanced-Use Leases (EUL) from Fiscal Years 2006 through 2015

Types of Considerations and VA Expenses ^a	Cumulative Fiscal Years 2006-2015 for 29 supportive-housing EULs (\$ in millions) ^b
Lease Revenue—Revenue from upfront payments and ongoing lease payments.	3.0
Cost Avoidance—Includes any amount VA would have had to pay to maintain a facility and/or services in the absence of a supportive-housing EUL.	147.9
Cost Savings—Include any discount realized on necessary VA purchases, such as energy, office space, or parking services.	0.4

⁴⁷Under VA’s EUL program, VA can retain funds from an EUL during the lease term and for disposal of a leased property for certain purposes. 38 U.S.C. § 8165. Retaining these proceeds provides an incentive for VA to be creative and aggressively pursue opportunities to collaborate with both private and non-profit entities. Cost avoidance and cost savings include reducing the cost of operating VA’s inventory of underutilized buildings and land, as well as transferring maintenance costs of land and improvements to lessees (without incurring the cost of disposal). We calculated these numbers based on the information VA provided for fiscal years 2006 to 2015 on 29 VA supportive-housing EULs that were listed in the Fiscal Year 2017 “EUL Consideration Report.”

⁴⁸VA, *Volume 4 of the Department of Veterans Affairs 2017 Budget Submission* (Washington, D.C.: February 2016). The VA “EUL Consideration Report” is a part of the VA budget submission.

Types of Considerations and VA Expenses ^a	Cumulative Fiscal Years 2006-2015 for 29 supportive-housing EULs (\$ in millions) ^b
Enhanced Services—Includes the value of newly available services to veterans, VA employees, or the community	165.6
VA Expenses—Includes VA's capital contributions to EUL developments and per diem payments to service providers	-42.2
Total	274.8

Source: GAO analysis of Department of Veterans Affairs' data on 29 supportive-housing EULs from the Fiscal Year 2017 "EUL Consideration Report." | GAO-17-101

Note: The Fiscal Year 2017 "EUL Consideration Report" did not include data for six recently opened supportive-housing EULs.

^aThe descriptions of Types of Considerations and VA Expenses are taken from The Department of Veterans Affairs Fiscal Year 2017 "EUL Consideration Report."

^bThese figures are not adjusted for inflation.

According to VA officials, supportive-housing EULs benefit most of the lessees and developers by providing them with long-term access to federal property and land at little or no cost, access that can be particularly beneficial for those located in high-rent markets. According to the VA's Fiscal Year 2017 "EUL Consideration Report," 18 of 29 EULs did not pay any lease payment in fiscal year 2015. A few lessee officials we interviewed said access to federal property and land at little or no cost helped them to rehabilitate or construct facilities, in addition to providing needed services to homeless veterans. In addition, lessees we interviewed said the close proximity to VA medical, rehabilitative, and mental health services allowed them to invest in other needed services for homeless veterans, such as employment training and quality-of-life amenities.

According to VA and USICH, supportive-housing EULs can also have benefits for the local community. Communities that added relatively more permanent supportive-housing units over a 6-year time frame showed significant decreases in chronic homelessness over time.⁴⁹ Evaluations of permanent supportive-housing have demonstrated significant improvements in housing stability, reductions in days of homelessness, and reductions in the utilization and costs of public services such as emergency shelter, hospital emergency room and inpatient care, sobering

⁴⁹USICH, *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness 2015* (Washington, D.C.: June 2015).

centers, and jails. Supportive-housing EULs also can increase the tax base for the local community, because, according to VA officials, the facility is subject to state and local taxes, which can provide new long-term revenue sources for the local economy, jobs, and tax revenues for local and state entities. Furthermore, we identified several studies that attempted to quantify benefits to local communities. For example, a 2014 study on supportive-housing projects found that these projects create fiscal benefits for the state and local governments as a result of sales taxes collected on construction materials, income taxes paid by construction and other workers, and corporation or income taxes on profits earned by builders, developers, and other firms.⁵⁰ Another study found that in some cases, cities and states also receive revenues from fees on affordable housing developments from permitting, zoning, and utilities.⁵¹

VA Continues to Develop Supportive-Housing EULs, but Faces Challenges and Lacks Specific Policies

With the development of 35 active supportive-housing EULs, 6 supportive-housing EULs under construction, and 16 in development (see table 3), VA officials told us that they believe they have identified all currently viable opportunities on VA campuses. They said, however, that they continue to look for new sites on which to develop supportive-housing as changes occur in the use of VA's properties. Challenges that VA faces in developing additional supportive-housing EULs include a lack of clear and complete documentation of project selection and implementation to inform future decisions, identifying available and suitable property for housing for homeless veterans, stakeholder opposition, and limited financing options for EULs. In addition, VA has not revised its EUL policy to address issues specific to developing supportive-housing EULs for veterans. These include the type of housing needed to serve homeless veterans in the local area, or the space configuration or square footage needed for supportive-housing as compared with available VA facilities. Without such consideration, VA may be missing an opportunity to help address these challenges.

⁵⁰The California Department of Housing and Community Development, *2014 Affordable Housing Cost Study*, (Oct. 6, 2014). This report was a cost study on the benefits of building subsidized affordable rental housing in California.

⁵¹Planning Commissioners Journal, *The Economic and Fiscal Benefits of Affordable Housing*, Number 83 (Summer 2011).

VA Continues to Develop Supportive-Housing EULs, but Did Not Comprehensively Document Its Decision-Making Process for Selecting EULs

In 2009, VA launched the Building Utilization Review and Repurposing (BURR) initiative, which included a 2-year strategic study, to identify as many VA unutilized and underutilized properties as possible with the potential for development as new housing for homeless or at-risk veterans and their families. VA's EUL authority was set to expire at the end of December 2011, and they intended to identify as many properties as possible before that deadline to support the goal of housing homeless veterans. According to officials, VA initially identified over 350 potential sites for development. By December 2011, had signed lease agreements for 38 sites.⁵² VA executed these short term-leases without completing the entire process for development of a supportive-housing EUL (see fig. 1 for a description of the process) in order to meet the deadline. These lease agreements allow the lessee 5 years for the supportive-housing EUL facility to become operational.⁵³ VA officials did not comprehensively document their decision-making process for selecting the final 38 sites for development as supportive-housing EULs under the BURR initiative with a final written report or analysis. However, during the selection process, the Secretary of the VA signed formal decision briefings and documents for the individual properties. The Department entered into these 38 EUL agreements with lessees to develop 4,100 BURR housing units.⁵⁴ As of September 2016, 871 of the 4,100 planned BURR units (21 percent) were active. In order for VA to achieve its goal by the end of December 2016, it would need to open an additional 3,229 units. The 35 active supportive-housing EULs are comprised of 15 BURR and 20 "legacy" projects (see table 3 for details on the status of these EULs).⁵⁵

⁵²Of the 38 leases executed in 2011, 14 are active, 10 projects are in development, 5 are in construction, 5 are on hold, and 4 are no longer on VA's list of supportive-housing EULs. In addition, VA executed an additional 7 supportive-housing leases that were not a part of the original 38 leases executed in 2011.

⁵³To expedite the BURR initiative, VA modified the steps in the EUL process and executed interim lease agreements of 5 years in December 2011 to allow the lessees time to obtain financing and finalize construction plans. If lessees do not secure sufficient financing for construction by the end of December 2016, VA could extend the lease with the lessees, reassign the lease to another qualified entity, or allow the interim lease agreements to expire. If the interim lease agreements expire after the initial 5-year period, VA would need to sign amended lease agreements in order to continue pursuing the development at those locations. If the lessees secure financing prior to the 5-year time frame, VA and the lessee would then execute the lease agreement, which could be for up to 75 years, including the 5-year interim lease agreement.

⁵⁴VA discussed its target for BURR in its Fiscal Year 2014 "EUL Consideration Report" to Congress.

⁵⁵"Legacy" projects were completed prior to the BURR initiative.

Table 3: Status of the Building Utilization Review and Repurposing initiative and the “Legacy” Supportive-Housing Enhanced-Use Lease (EUL) Projects as of September 2016

EUL Projects	Building Utilization Review and Repurposing initiative (BURR)		“Legacy” projects (projects Prior to BURR)		BURR and “legacy” projects	
	Number of sites	Number of units	Number of sites	Number of units	Total sites	Total units
Active	15	871	20	1,520	35	2,391
Construction	6	302	0	N/A	6	302
Development	15	737	1	75	16	812
On-hold	5	240	0	N/A	5	240
Terminated	0	N/A	1	N/A	1	N/A
Total	41	2,150	22	1,595	63^a	3,745

Source: GAO analysis of Department of Veterans Affairs’ data and information as of September 2016. | GAO-17-101

^aVA also listed seven additional projects: five projects on hold and two projects in the pre-development stage that are not listed in this table. For those projects, VA had not entered into a lease agreement with a lessee or developer. VA also did not have an estimate of how many units these EUL projects would provide in the future. For further information on these seven projects, see appendix IV, which lists all 70 projects.

VA’s EUL policy states that to enter the development phase, EUL projects must be identified as valid priorities and included on the Department’s EUL project list.⁵⁶ The policy describes several steps in the development phase, such as: (1) a preliminary inspection of the property; (2) identification of physical limitations such as local, state, or federal limitations on the site (e.g., zoning, environmental, or historic preservation); and (3) a preliminary asset valuation. It also requires collecting documentation about the site, such as title files, flood plain maps, and local zoning and code requirements. The policy further states that milestones, approvals, and supporting documents that occur during each phase of the process must be reported and attached in VA databases and that the office responsible for the project will ensure that all “reportables” are appropriately and accurately recorded.⁵⁷ Furthermore, VA policy states that the Office of Asset Enterprise Management is responsible for establishing policies, procedures, guidelines, and assuring proper documentation for the EUL program. In the case of these 38 sites, under the expedited leasing process, VA

⁵⁶Department of Veterans Affairs, *VA Handbook 7415 Enhanced-Use Leasing Program* (Washington, D.C: Dec. 21, 2011).

⁵⁷The policy refers to the Capital Asset Management System’s and the Capital Asset Inventory’s databases.

completed some, but not all, of the steps in the development phase before entering into short-term leases. VA officials said they outlined the required transaction details needed to be completed before finalizing the EUL agreement, such as a development plan, financing, and environmental, and historic compliance. For example, VA analyzed the physical potential for housing, need for housing, and potential financing availability for the projects. However, VA officials did not consistently assess the same conditions for each site. In some cases, they documented known historic preservation or environmental issues but not in others. VA officials intended the short-term five-year leases to allow for the additional steps in the development process, but they did not clarify in their BURR documents the steps they had completed before signing the leases and those they planned to complete later. This lack of clarity made it difficult to assess how VA officials complied with their own policy. VA could not provide us with a final summary report or analysis documenting the BURR initiative. For the final site selection, VA officials provided us with documents of EUL sites with differing information. Initially, VA provided us with a document entitled “Draft BURR Site Priority for Housing Reuse,” dated December 2010, which included basic information on 39 sites (rather than the final 38), such as square footage, physical potential for housing, need for housing, and financing availability. However, this document did not include 21 of the 38 lease agreements. Subsequently, they provided us with a BURR project list from the third quarter of 2011 that did not mention 19 of the 38 lease agreements. Further, since the time that VA identified the 38 sites, some of those sites are no longer on the list, and additional sites are now categorized as BURR projects, making it difficult to reconcile the original list with subsequent updates. *Federal Standards for Internal Control* states that documentation is required for the effective design, implementation, and operating effectiveness of a federal program, and that management considers the impact of deficiencies identified in achieving documentation requirements.⁵⁸ In addition, management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. Further, management designs control activities so that all transactions are completely and accurately recorded. This type of readily available, clear, and complete documentation of the EUL projects could have allowed VA to more effectively implement the supportive-housing EUL program by

⁵⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

excluding sites that it later found it could not develop. We discuss examples of such cases in the next section of this report.

VA Faces a Challenge in Identifying Available and Suitable Properties for Additional EULs

In 2014, VA conducted a second nationwide housing-needs analysis to determine whether any additional opportunities existed to develop supportive-housing EULs. However, according to officials this assessment did not identify any new properties. Additionally, they told us that, after further research, they found that some of the properties initially identified as part of the BURR process were not suitable for housing for homeless veterans or were not available for development. As such, the Department may not have property available for repurposing as supportive-housing in a particular location even where they have identified a need for housing based on the homeless veterans' population in that area or where they have initially identified unused or underutilized property for that purpose, for example:

- Castle Point, New York, more than 30 months after VA announced it would develop supportive-housing at the site, VA discontinued its plans because additional analysis found that the site contained six unofficial and unauthorized landfills, making the property unsuitable.
- Chicago, Illinois: VA identified a 26,500 square foot building on the North Chicago VA campus and, in June 2011, announced it would develop a supportive-housing project at that site. Based on additional analysis, officials found that the VAMC was using part of the building for other purposes and, as such, the officials could not develop the property.
- Long Beach, California: VA identified 2 parcels of land totaling 10 acres at the VAMC Campus in Long Beach, California, part of Los Angeles county, which has the highest number of homeless veterans—approximately 2,700—in the United States. VA officials announced in June 2011 that they would develop a supportive-housing EUL on the Long Beach site, but later found that, due to the extent of other construction projects on the campus, there were no longer any underutilized facilities.
- Spokane, Washington: VA officials discovered that the land identified for development belonged to the State of Washington, and not VA, 30 months after they had announced plans for a supportive-housing EUL on the property, and they had to cancel the project.

Additional properties initially identified as part of the BURR process remain on hold because they may not be suitable for development for

supportive-housing. VA officials stated that they would let the interim leases expire at the end of the term in December 2016, for example:

- Bath, New York: The property VA selected for development was located in a flood plain with a 1 percent chance of flooding. As a result, the developer could not obtain financing for the project. VA subsequently offered a second property, not located in the flood plain, to the developer; however, the local community withdrew its support for the project because of concerns about the cost of the project and about formerly homeless veterans moving into the area. Subsequently, the project could not move forward because it did not obtain state funding.
- Salem, Virginia: After entering into a lease agreement, VA found there was an insufficient homeless veteran population in the area to support the project as envisioned.

Our findings echo those of the VA's Office of Inspector General (OIG) in February 2012—that major decisions were not always documented in EUL project files or populated in the VA's database, as required by VA policy.⁵⁹ For these reasons, the OIG reported that it was unable to determine whether the selection process was appropriate and fair.⁶⁰ Moreover, without clear and complete records that can provide institutional knowledge to inform future decisions, VA cannot be sure that it is making the best decisions in identifying real property for use as supportive-housing for homeless veterans.

VA Faces Challenges with Stakeholder Opposition to Some Supportive-Housing EULs

According to VA officials and lessees we interviewed, stakeholder support is crucial to developing supportive-housing EULs, and opposition has prevented or delayed some EUL projects. Our prior work has consistently found stakeholder resistance to locating federal homelessness programs in some communities.⁶¹ Stakeholders for supportive-housing EULs represent many different groups, including veterans, local and national

⁵⁹The Capital Asset Management System (CAMS).

⁶⁰VA, Office of Inspector General, Office of Audits and Evaluations, *Audit of the Enhanced-Use Lease Program*, (Washington, D.C.: Feb. 29, 2012).

⁶¹See, for example, GAO, *Federal Real Property: More Useful Information to Providers Could Improve the Homeless Assistance Program*, [GAO-14-739](#) (Washington, D.C.: Sept. 30, 2014) and GAO, *Rural Homelessness: Better Collaboration by HHS and HUD Could Improve Delivery of Services in Rural Areas*, [GAO-10-724](#) (Washington, D.C.: July 20, 2010).

veteran support organizations, the local community, state and local government, and developers. VA officials told us that reaching agreement with all stakeholders can be challenging, and objections from any one of these groups could delay or prevent a project from going forward. The officials provided us with several examples of cases in which the local community did not want formerly homeless individuals living nearby (in Perry Point, Maryland, and Los Angeles, California). Or veterans wanted VA to improve the medical facilities on the campus rather than lease the property to a private developer for supportive-housing for veterans and their families (in Queens, New York, and West Los Angeles). In some cases, legislation was introduced to stop supportive-housing EUL projects.⁶² Additionally, in West Los Angeles, a 2007 law prohibited VA from selling or exchanging land on the medical campus.⁶³ According to VA officials, this prohibition resulted largely from veterans' opposition to VA's use of property for any purpose but direct services to veterans. According to VA officials, VA could not proceed with its draft master plan for 1,200 units of supportive-housing without a change in this law. VA officials also provided us with examples of approaches they used to address stakeholder opposition. For example, in the case of the West Los Angeles campus, they held an estimated 100 town hall meetings with various community groups to hear their concerns about locating supportive-housing EULs on-site. VA officials also said they collected more than 1,000 comments on the draft master plan and, in response to these comments, modified the plan to add a town center, redesign the flow of traffic, and increase the planned housing units from 900 to 1,200. Subsequently, the West Los Angeles Act of 2016 was enacted, which authorizes VA to enter into enhanced-use leases at the West Los Angeles VAMC for the purposes of providing supportive-housing to benefit veterans and their families, and permits VA to proceed with its draft master plan.⁶⁴

⁶²H.R. 1799, 112th Cong. (2011).

⁶³Pub. L. No. 110-161, § 224(a)(2007).

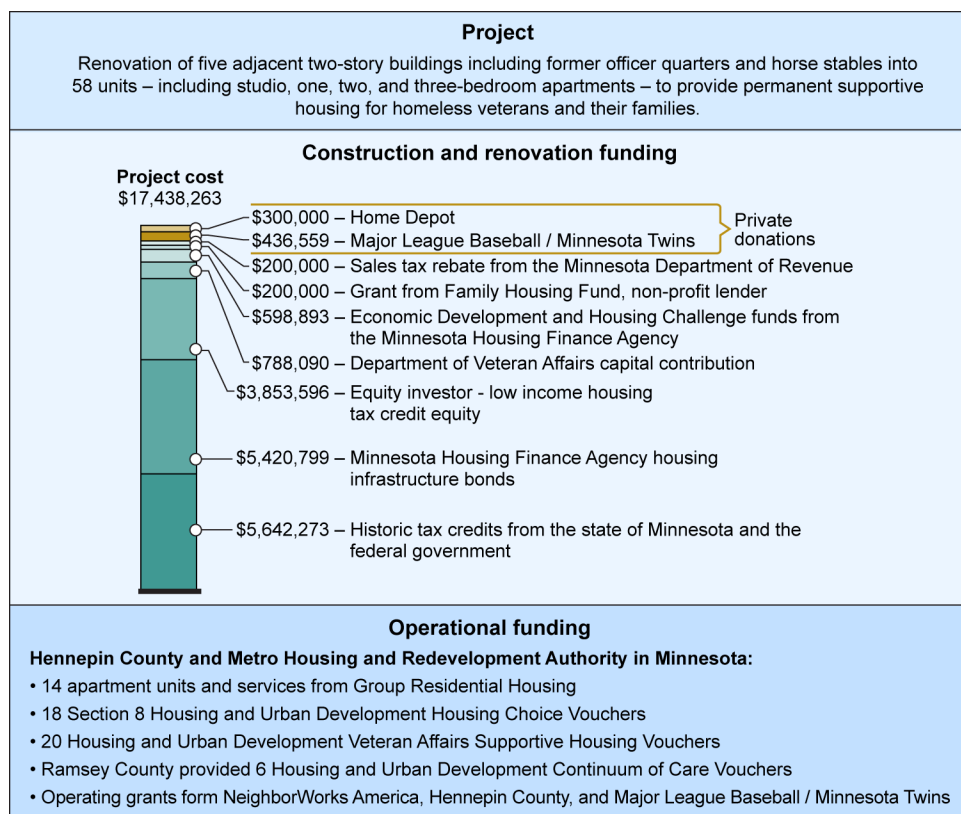
⁶⁴Pub. L. No. 114-226 (2016).

Obtaining Financing for Supportive-Housing EULs Poses Challenges

Lessees rely on multiple funding sources for both capital and operational financing, including, the Low Income Housing Tax Credit (LIHTC) program,⁶⁵ government grants, low-interest federal loans, and rental subsidies for residents. According to a senior official of the National Equity Fund—an organization that specializes in financing affordable housing with LIHTCs—these resources play a key role in creating affordable rental housing for veterans. VA officials told us that HUD-VASH project-based vouchers are important to EUL projects for rental payments as they are attached to the project for a period of 15 years. The process of obtaining funding for supportive-housing projects can be highly competitive, and the EUL lessees have to meet program requirements for each funding source from government and private entities, such as the HUD-VASH or LIHTC. In other cases, however, lessees have successfully obtained a range of financing sources to develop a supporting-housing EUL. Figure 4 illustrates the complexity of financing necessary for a supportive-housing EUL in Minnesota.

⁶⁵Under the Low Income Housing Tax Credit (LIHTC), state and local agencies issue tax credits to individuals and corporate investors in order to encourage the investment of private equity in the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

Figure 4: Example of Financing for a Supportive-Housing Enhanced-Use Lease at Fort Snelling in Minneapolis, Minnesota



Source: GAO analysis of lessee information. | GAO-17-101

VA's EUL Policies and Procedures Are Outdated and Are Not Specific to Supportive-Housing for Homeless Veterans

VA's existing policies for the EUL program are outdated and reference the EUL authority from 1991, which is no longer in effect.⁶⁶ As discussed earlier, prior to 2012, VA's EUL authority allowed it to develop a wide range of projects where the EUL contributed to VA's mission, enhanced-use of the property, and would not adversely affect VA's mission. In August 2012, legislation was enacted that limited VA's EUL authority to the development of supportive-housing for homeless veterans.⁶⁷ VA's policy does not discuss the current program mission—to provide

⁶⁶VA's policies includes VA, *VA Handbook 7415 Enhanced-Use Leasing Program* (Washington, D.C: Dec. 21, 2011); VA, *VA Directive 7415 Enhanced-Use Leasing Program* (Washington, D.C: Dec. 21, 2011); VA, *VA Directive 7454* (Washington, D.C: June 29, 2012), and VA, *VA Handbook 7454* (Washington, D.C: June 29, 2012).

⁶⁷38 U.S.C. § 8162.

supportive-housing for homeless veterans—or outline specific considerations—such as addressing stakeholder opposition and obtaining financing for supportive-housing EULs. Identifying and developing real property to meet the housing and supportive service needs of homeless veterans is different from identifying and developing real property for other types of EULs, such as administrative offices, parking, hospice centers, and child-care facilities. *Federal Standards for Internal Control* state that management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks.⁶⁸ VA reported that it updated its policy *Directive and Handbook 7454* in June 2012.⁶⁹ However, that update did not address the current EUL authority, specifically the inclusion of the provision that EULs can only provide for housing for homeless veterans. Further, the update did not revise the development phase of its process to address relevant needs for supportive-housing for homeless veterans, such as the type of housing needed for the local area or the space configuration or square footage needed for supportive-housing as compared with available VA property. VA officials told us that they had not updated the policy *Handbook* to address the changes in the current law because they were anticipating an amendment to its EUL authority that would again allow the use of EULs for purposes other than supportive-housing for homeless veterans.

As of October 2016, VA officials told us that they were in the process of revising the *Handbook* to address the current EUL authority and related information such as financing options, which may be useful for lessees, and that they expected to complete it by December 2016. VA officials said they expect to update other EUL policies during fiscal year 2017. The draft that VA shared with us requires an analysis of the local market, including current and anticipated supply and demand conditions affecting the project. However, it does not specifically provide direction on how to determine whether a proposed supportive-housing EUL meets the need for homeless veteran housing in the local area or discuss VA’s limited authority to provide housing for homeless veterans. VA officials told us that they do assess whether the homeless veteran population can benefit from supportive-housing in the area of a proposed EUL. For example,

⁶⁸GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁶⁹VA, *Enhanced-Use Leasing with the Annual Consideration Report, (Volume 4 of the 2014 Budget Submission) Fiscal Year 2012* (Washington, D.C. April 2013).

since 2013, VA has conducted a gap analysis as part of its effort to determine the need for homeless veteran programs such as HUD-VASH, SSVF, and GPD. However, this assessment is not included in the draft *Handbook*. Without policies and procedures that address needs specific to supportive-housing for homeless veterans, VA may not be well positioned to identify viable supportive-housing EUL projects and help ensure that those projects are successfully developed. As a result, VA may not be making the most effective use of public resources to serve homeless veterans.

VA Uses Three Additional Key Programs to Provide Housing Assistance and Supportive Services to Homeless Veterans

HUD-VASH, GPD, and SSVF each differs in its eligibility requirements and the population it serves (see app. III). Program eligibility, resource availability, and veteran choice determine veteran program participation. USICH, VA, and HUD have advocated placing veterans and their families in permanent housing through HUD-VASH and SSVF and using GPD's service-intensive transitional housing only if veterans refused permanent housing. However, USICH officials stated that they recognize that veterans should be provided meaningful choices, and USICH guidelines on ending veteran homelessness recognize that some veterans may decline permanent housing and choose to enter GPD or other transitional housing.

Each of the three programs provides a range of supportive services to veterans (see table 4). Case management services, which vary by the level of veteran engagement and need, are required in the HUD-VASH program and generally required in the SSVF program.⁷⁰ VA officials stated that veteran participation in other supportive services provided by HUD-VASH, GPD, and SSVF is voluntary and dependent on program design and veteran needs. Eligible veterans may use any of the three programs, but there are limits on the extent to which they may do so concurrently. For example, generally an SSVF participant cannot receive rental assistance as part of SSVF's temporary financial assistance payments while also receiving a housing subsidy through a HUD-VASH voucher.⁷¹ VA officials stated that VA tracks the number of veterans

⁷⁰VA officials stated that generally the SSVF program requires case management. There are however, exceptions to requiring case management, such as when the SSVF program assists HUD-VASH program participants solely for move-in. In such instances, HUD-VASH provides the case management.

⁷¹However, there are instances when SSVF may provide rental assistance for HUD-VASH participants who are in arrears on their rent and facing homelessness due to an impending eviction. SSVF can also assist HUD-VASH participants with move-in expenses.

participating in HUD-VASH, GPD, and SSVF, but generally does not track the number of veterans using the individual services in association with each program.⁷²

Table 4: Services Available for Homeless Veterans from the Three Key Veterans Housing Programs, as of September 2016

	HUD-VASH	GPD	SSVF
Permanent housing subsidies	✓		
Case management	✓	✓	✓
Temporary financial assistance payments (e.g., utility, childcare, security deposits, moving costs) ^a			✓
Homeless prevention			✓
Outreach	✓	✓	✓
Assistance in obtaining permanent housing	✓	✓	✓
Coordinate or provide primary health care, mental health care, and substance abuse treatment ^b	✓	✓	✓
Food assistance ^c		✓	✓
Education ^d		✓	✓
Employment assistance ^e	✓	✓	✓
Transportation		✓	✓
Assistance in obtaining other federal, state, and local assistance	✓	✓	✓

Source: GAO review of documents from Department of Veterans Affairs. | GAO-17-101

Note: HUD-VASH is Department of Housing and Urban Development and Department of Veterans Affairs Supportive-Housing, GPD is Grant and Per Diem, and SSVF is Supportive Services for Veteran Families.

^aEligible financial assistance payments in SSVF consist of rental assistance; utility-fee payment assistance; deposits; moving costs; transportation; general housing stability assistance; and childcare.

^bVeterans in the HUD-VASH program may receive referrals to Department of Veterans Affairs medical centers (VAMC) for primary health care, mental health care, and substance abuse treatment services. GPD service providers may directly provide health care, mental health, and alcohol abuse treatment and other substance abuse services; they may additionally help veterans obtain other types of assistance for these services. SSVF service providers connect participants to primary health care, mental health treatments, and substance abuse service through the local VAMCs.

^cGPD is the only program that may provide food directly to veterans. Veterans participating in HUD-VASH and SSVF may receive referrals to other food assistance programs; however, SSVF service providers can provide food on a temporary basis to address an emergency.

⁷²VA officials stated that the HUD-VASH program can track who participates in case management, but not the intensity of those services.

^dGPD is the only program that may provide education directly. SSVF provides limited assistance for expenses related to education. Additionally, HUD-VASH and SSVF service providers may refer participating veterans to other education programs.

^eSSVF provides limited assistance for expenses related to employment. Additionally SSVF service providers refer veterans to services that foster job readiness and workforce participation.

Each Year Since 2012, HUD’s and VA’s Supportive-Housing Vouchers Have Housed More Chronically Homeless and Vulnerable Veterans, but Locating Housing in Some Markets Is Difficult

From fiscal year 2012 to fiscal year 2016, almost twice as many chronically homeless and vulnerable veterans used HUD-VASH vouchers to find housing, from about 37,000 in fiscal year 2012 to about 72,500 in fiscal year 2016, as reported by VA (see table 5).⁷³ VA’s data showed that as of September 30, 2016, 72,481 formerly homeless veterans were living in HUD-VASH supported housing; this number represents about 92.3 percent of the vouchers that HUD authorized, exceeding VA’s target of a 92 percent utilization rate.⁷⁴ In addition, public-housing authorities issued about 5,100 (6.5 percent) vouchers to veterans who were still trying to find housing and about 1,300 (1.7 percent) vouchers were reserved for veterans undergoing public-housing-authority application processing. VA also targets the percentage of veterans housed within 90 days of admission to the HUD-VASH program at 65 percent and reported the fiscal year-to-date measurement for September 30, 2016 as 58 percent.⁷⁵

Table 5: Department Of Housing and Urban Development’s and Department Of Veterans Affairs’ Supportive-Housing (HUD-VASH) Program Reported Housing Outcomes (Fiscal Years 2012 through 2016)

	Fiscal Year				
	2012	2013	2014	2015	2016
Total number of veterans housed through HUD-VASH	37,265	45,153	51,913	63,039	72,481
HUD-VASH utilization rate (percentage) ^a	92	92	91	92	92
Percentage of veterans housed within 90 days ^b	—	—	63	66	58

Source: GAO review of documents from Department of Veterans Affairs. | GAO-17-101

^aFor fiscal years 2012 and 2013, the performance target was 90 percent. From fiscal year 2014 to present, the performance target is 92 percent.

⁷³VA officials stated that the voucher usage at any point in time may not be 100 percent due to turnover in program participants and because veterans could not yet find housing.

⁷⁴VA officials stated that HUD-VASH data for fiscal year 2016 are based on voucher allocations for fiscal years 2008 through 2015; fiscal year 2016 vouchers are not counted in performance until fiscal year 2017.

⁷⁵The calculation for days to moving into housing starts when VA admits a veteran to case management.

^bThe Department of Veterans Affairs created the performance measure in fiscal year 2014. The performance target is 65 percent for 2014 to present. Data were not available for fiscal years 2012 and 2013.

Service providers at several supportive-housing EULs we interviewed said that they accept tenant-based HUD-VASH vouchers or have some residents who hold these vouchers.⁷⁶ The total number of veterans subsidized by tenant-based HUD-VASH vouchers at supportive-housing EULs is unknown because VA does not specifically track the usage of tenant-based vouchers at these locations. However, VA does track the number of project-based HUD-VASH vouchers allocated to EULs. From fiscal years 2010 through 2016, HUD allocated 942 project-based HUD-VASH vouchers through HUD's set-aside award process to 22 supportive-housing EULs.

According to VA and HUD officials, as well as officials from the National Alliance to End Homelessness, some veterans may not be able to use their HUD-VASH vouchers because they face difficulties finding affordable and suitable housing in certain housing markets. For example, the maximum allowable amount of HUD-VASH housing assistance payments may be inadequate in some areas, and low rental vacancy rates in some markets have resulted in a lack of housing availability for veterans.⁷⁷ National Alliance to End Homelessness officials stated while the housing assistance payments from HUD-VASH were supposed to keep up with increasing rental rates, this has not been the case. To address this issue, HUD officials stated that HUD has granted permission for some public-housing authorities to increase the housing assistance payments for housing in some high cost cities.⁷⁸ Officials in the city of Los Angeles stated that the city received an increase in housing assistance payments in February 2016 and that as of August 2016, about half of the veterans found housing using the higher housing assistance payment

⁷⁶As discussed above, tenant-based vouchers move with the tenants as they move to different residences. In contrast, project-based vouchers are tied to the housing project awarded and do not move with the tenants. HUD awarded set-aside project-based HUD-VASH vouchers in fiscal years 2010, 2014, and 2015.

⁷⁷Public-housing authorities establish payment standards that fall within 90 to 110 percent range of HUD's Fair Market Rent schedule for different areas of the country. The Fair Market Rent is the cost of standard, non-luxury housing in the community. The payment standard is the maximum subsidy a public-housing authority can pay on behalf of a family receiving HUD-VASH voucher.

⁷⁸Public-housing authorities can apply for exception payment standards that go above the 110 percent threshold of HUD's Fair Market Rent for an area, up to 120 percent.

amount. However, the low vacancy rate in Los Angeles still presents a challenge for the time it takes to find housing using HUD-VASH vouchers. Los Angeles county officials stated that as compared to the prior year, the average number of HUD-VASH voucher holders who found housing increased. However, in addition to housing assistance payments, Los Angeles county officials pointed to other efforts, such as providing incentives to landlords to hold vacant units for veterans and increasing the number of staff and housing locators for HUD-VASH, as contributing to the increase. According to VA officials we interviewed, some veterans may also have difficulty finding housing that complies with HUD's housing quality standards. HUD and VA officials stated that they are working to raise landlords' awareness of the HUD-VASH program.

Agency data and studies we reviewed indicate that HUD-VASH vouchers, which veterans may use for as long as needed, are associated with stable housing and staying with the program for several years. One study, published in 2010, found that veterans who used the vouchers tended to participate in the program for over 2 years and another academic study, published in 2013, found that 93 percent of veterans who used the vouchers stayed in housing for at least 1 year.⁷⁹ HUD estimated that HUD-VASH voucher turnover was about 8,400 for calendar year 2015, which may include veterans who no longer needed the vouchers, as well as those veterans who "negatively exited" the program.⁸⁰ One of the studies cited earlier, for example, found that about half of the veterans who left the program left because they were over the income limit or no longer needed the program.⁸¹ VA data indicated that for fiscal year 2016, the percentage of veterans negatively exiting from the program was 16.4 percent, meeting VA's target of 18 percent or less.⁸² Representatives

⁷⁹Maria O'Connell, Wesley Kaspro, and Robert A. Rosenheck, "National Dissemination Of Supported Housing in the VA: Model Adherence Versus Model Modification," *Psychiatric Rehabilitation Journal*, vol.33, no. 4 (2010) and Ann Elizabeth Montgomery, Lindsay Hill, Vincent Kane, and Dennis P. Culhane, "Housing Chronically Homeless Veterans: Evaluating the Efficacy of a Housing First Approach to HUD-VASH," *Journal of Community Psychology*, vol.41, no.4 (March 2013).

⁸⁰VA officials stated that negative exits include instances where veterans violated program rules, failed to comply with program requirements, or left without consultation with staff.

⁸¹O'Connell, Kaspro, and Rosenheck, "National Dissemination of Supported Housing in the VA," 308.

⁸²VA calculates the negative exit rate by dividing the number of exits from the HUD-VASH program in which a housed veteran had a negative discharge by the total number of veterans with an exit date from the HUD-VASH program.

from three locations USICH certified as having ended veteran homelessness (Virginia, Las Vegas, and Houston) stated that the HUD-VASH program was instrumental in ending chronic veteran homelessness in their communities.

The Number of Veterans Served by the Grant and Per Diem Program has Remained Relatively Steady, and VA Is Encouraging Program Modifications to Better Support Permanent Housing

From fiscal years 2012 through 2016, the number of veterans served by the GPD program, as reported by VA, remained relatively steady (see table 6). In the same period, the number of beds available through the program increased in fiscal years 2013 and 2014, but fell in 2015 and 2016, with a decline of about 700 beds in fiscal year 2016 as compared to fiscal year 2015. VA reported that from fiscal years 2012 through 2016, the average length per stay for GPD participants ranged from 183 to 201 days. As of August 2016, service providers at five supportive-housing EUL sites provided GPD program services, including 214 transitional beds.

Table 6: Grant and Per Diem (GPD) Program Reported Transitional Housing Outcomes (Fiscal Years 2012 through 2016)

	Fiscal Year				
	2012	2013	2014	2015	2016
Number of veterans served through GPD ^a	41,572	45,690	45,232	44,090	44,695
Number of GPD beds	14,792	15,546	15,656	14,577	13,859
Percentage of GPD participants exiting to permanent housing ^b	60	65	70	70	72
Number of participants exiting directly to permanent housing	11,656	13,057	13,868	14,418	15,399
Number of participants exiting from GPD program ^c	19,106	19,984	20,132	20,579	21,437

Source: Department of Veterans Affairs' data. | GAO-17-101

^aThis is the unduplicated count of veterans that received a homeless service related to GPD, including at least one day of transitional housing.

^bThis percentage was calculated using "the number of participants exiting directly to permanent housing" and the "number of participants exiting the GPD program."

^cThe number of participants exiting from the GPD program excludes veterans who (1) had a length of stay for 7 days or less; (2) were ineligible for VA health care; (3) were deceased prior to discharge; (4) were readmitted to another GPD program within one day of discharge; and (5) transferred to another residential program for administrative reasons.

As part of VA's plan to end veteran homelessness, VA called for transitional housing programs to focus on discharging veterans directly to permanent housing. The GPD program set a target of 65 percent for

veterans that entered transitional housing to leave the program for permanent housing in fiscal year 2014 and reported that it exceeded those targets in fiscal years 2014 through 2016 (see table 6). In fiscal year 2014, VA also set the target for negative exits from the program at 30 percent; VA reported that GPD negative exits were below the target rate for fiscal years 2014 through 2016. Those negative exits included instances where veterans violated program rules, failed to comply with program requirements, or left without consultation with staff.

In March 2016, VA issued guidance encouraging GPD service providers to adjust their provision of transitional housing by allocating some of their GPD beds toward bridge housing. Bridge housing generally provides beds for short-term stays (up to 90 days) when a veteran (who may not be in the GPD program) has been offered and accepted permanent housing assistance, but that housing is not yet available. VA stated in its guidance that adding bridge housing would help the GPD program to better align with VA's strategy of quickly placing homeless veterans into permanent housing without encountering barriers. Officials from USICH and representatives from the city and county of Los Angeles and the Commonwealth of Virginia, stated that some GPD programs have historically placed restrictions on entering the program, such as requiring veterans to obtain substance abuse treatment prior to obtaining housing. In conjunction with VA's guidance, USICH has encouraged communities to limit the use of GPD service-intensive transitional housing and to use transitional housing as "bridge housing" whenever possible to limit restrictions to entry.

Supportive Services for Veteran Families Program Participation and Rental Assistance Have Increased Substantially in the Past 4 Years

Veterans and their family members participating in the SSVF program increased from about 33,000 in fiscal year 2012 to about 157,000 in fiscal year 2015, then declined by about 8,500 in fiscal year 2016, as reported by VA (see table 7). VA officials explained that the program's expansion had coincided with increased fiscal year funding. VA officials additionally stated that, while the number of participants served in fiscal year 2015 declined, placements into permanent housing through the program increased mostly due to rapid re-housing efforts. For SSVF's homelessness prevention efforts, VA reported that in fiscal year 2016, the program prevented about 92 percent of at-risk program participants from becoming homeless. The program rules also require service providers to use at least 60 percent of SSVF resources toward rapid re-housing

intervention but set a goal of 70 percent.⁸³ VA reported that in fiscal year 2016, about 70 percent of veteran households that SSVF served received rapid re-housing interventions, resulting in 78 percent of the participating households being discharged to permanent housing. Factors such as a veteran's income and existence of disability affect the placement rate. VA's data showed that those with higher monthly incomes were more likely to move into permanent housing upon leaving the program. Conversely, VA stated that disability could be a barrier to housing placement. In fiscal year 2014, VA found that more than half (55 percent) of the veterans participating in the program had a disabling condition.

Table 7: Reported Outcomes for the Program of Supportive Services for Veteran Families (SSVF) Fiscal Years 2012 through 2016

	Fiscal Year				
	2012	2013	2014	2015	2016
Number of Supportive Services for Veteran Families' participants (including family)	32,676	65,303	127,829	157,416	148,885
Percentage of participating homeless veteran families rapidly re-housed ^a	79	80	74	73	78
Percentage of participating veteran families at risk for homelessness prevented from becoming homeless	91	90	88	85	92

Source: Department of Veterans Affairs' data. |GAO-17-101

^aVA officials stated that Supportive Services for Veteran Families (SSVF) does not set a target for rapid re-housing efforts because that may discourage service providers from serving high-barrier, homeless households, however, VA does monitor program outcomes.

Rental assistance made up the majority of the temporary financial assistance provided through SSVF, followed by funding for housing security deposits (see table 8). At several supportive-housing EUL sites, service providers we spoke with stated that SSVF provided assistance, such as security deposits to veterans. However, the number of veterans that received SSVF assistance in conjunction with supportive-housing EULs is unknown because VA does not specifically track how many veterans access SSVF at supportive-housing EUL sites. SSVF focuses on short-term interventions. For example, VA officials stated that from

⁸³VA officials stated that SSVF does not set a target for discharges to permanent housing as a result of rapid re-housing efforts because that may discourage service providers from serving high-barrier, homeless households; however, VA does monitor program outcomes.

fiscal year 2012 through 2015, participants received rental assistance ranged from 93 to 109 days.

Table 8: Temporary Financial Assistance Provided through Supportive Services for Veteran Families (Fiscal Years 2012 through 2015, Dollars in Millions)

	Fiscal Year			
	2012	2013	2014	2015
Rental assistance	10.6	19.7	63.6	63.1
Housing security deposit	5.3	8.5	19.9	20.8
Utilities	1.0	2.0	5.9	5.8
Other types of financial assistance ^a	1.6	2.1	11.6	11.2
Total	18.5	32.3	101.0	100.9

Source: GAO presentation of Department of Veterans Affairs' data. | GAO-17-101

^aOther types of financial assistance include transportation, emergency housing assistance, moving costs, purchase of emergency supplies, childcare, and other costs.

Two studies found the SSVF program helped veterans to maintain housing. A 2014 VA study found that the vast majority of veterans who participated in SSVF did not experience an episode of homelessness 1 year subsequent to the program.⁸⁴ Another research study, published in 2015, found that a majority of veterans had either maintained their housing (in the case of prevention efforts) or obtained housing (in the case of rapid-re-housing efforts) 2 years after exiting the SSVF program.⁸⁵ Representatives we interviewed from New Orleans and the Las Vegas metropolitan area said that the SSVF program was instrumental for rapidly re-housing veterans. Additionally, representatives from Houston stated that SSVF created new resources outside of existing programs that helped in ending veterans' homelessness. Representatives from New Orleans stated that most of the currently homeless veterans in their area are recently homeless or transient, and generally have less severe health or disability issues in comparison to populations of

⁸⁴Thomas Byrne, VA National Center on Homelessness Among Veterans, U.S. Department of Veterans Affairs, *Housing Outcomes of Veterans Following Exit from the Supportive Services for Veteran Families Program*, (Philadelphia, PA: February 2014).

⁸⁵VA jointly conducted this study with academics from University of Pennsylvania and Boston University. Thomas Byrne, Dan Treglia, Dennis P. Culhane, John Kuhn and Vincent Kane, Housing Policy Debate, *Predictors of Homelessness Among Families and Single Adults After Exit From Homelessness Prevention and Rapid Re-Housing Programs: Evidence From the Department of Veterans Affairs Supportive Services for Veteran Families Program* (Sept. 14, 2015).

homeless veterans that received housing in the past. They anticipate that SSVF, more than other programs, will help recently homeless veterans.

Conclusions

VA has collaborated with other federal agencies, lessees, and homeless service providers to increase the number of supportive-housing EULs and help veterans obtain housing, health care, and other services through HUD-VASH, GPD, and SSVF programs. Within a 2-year time frame, the BURR initiative identified and VA executed interim leases for 38 sites for development as supportive-housing EULs. However, VA officials did not completely document their decision-making process for selecting properties, or other key information, as required by standards for internal control and their own policy. Without such documentation, VA cannot systematically make use of the knowledge gained from this initiative to help identify and develop future properties as supportive-housing EULs. In the future, documenting the steps taken to identify and develop these sites, as well as the additional information required by VA policy, could help VA ensure that the properties it identifies are viable for meeting veterans' needs for supportive-housing. Further, VA has not updated its policy to reflect the 2012 change in its EUL authority limiting it to solely developing supportive-housing EULs for veterans. *Federal Standards for Internal Control* state that management should periodically review policies and related control activities for relevance and effectiveness in achieving the entity's objectives. At the completion of our audit work, VA officials told us that they were in the process of updating their policy and expected to complete it by the second quarter of 2017. In addition to the lack of consistency with the current authority, VA has not specified in its policy how identifying properties for use as supportive-housing EULs for veterans differs from other types of EULs the agency has used in the past. Incorporating these changes into its policy may better position VA to identify feasible projects as well as potential delays in completing those projects, thereby allowing the VA to expedite development of additional supportive-housing EULs. With improved documentation and policies, VA may make a greater contribution toward ending veterans' homelessness.

Recommendations for Executive Action

To improve VA's supportive-housing EUL program and meet the needs of homeless veterans, we recommend that the Secretary of Veterans Affairs should direct the Office of Asset Enterprise Management to take the following two actions:

- clearly and completely document the selection process for all supportive-housing EULs from pre-development through completion

of VA's development phase in keeping with internal control standards and VA policy, and;

- update its EUL policy to (1) address the current authority for developing supportive-housing; and (2) specify how to identify properties for supportive-housing EULs to meet the needs of homeless veterans.

Agency Comments and Our Evaluation

We provided a draft of this report to HUD, USICH, and VA for review and comment. We also provided a draft of the relevant EUL profile in Appendix V to lessees and service providers for each of the 13 supportive-housing EULs we visited. We received technical comments from HUD, USICH, and VA, as well as several of the lessees, and we incorporated those comments where applicable. In addition, both USICH and VA provided written responses to our report (reproduced in appendixes VI and VII respectively).

USICH agreed with our report's perspective that the EUL program is among the key strategies that meaningfully contribute to the supply of supportive-housing opportunities needed to end veterans' homelessness and to meet the needs of veterans in the future. USICH's comments also noted the importance of the other programs discussed in our report—HUD-VASH, SSVF, and GPD—in contributing to and sustaining the progress in ending veterans' homelessness.

VA concurred with both of our recommendations, and discussed planned actions to address them; however, VA disagreed with some of our findings. With respect to our finding that VA did not fully document the decision-making process in selecting supportive-housing EULs in keeping with internal control standards and VA policy, VA stated that it believes it did document the selection process for the supportive-housing EUL agreements. However, VA acknowledged that stakeholders could have benefited from a single formal report as an effective communication tool and to help ensure the transfer of institutional knowledge. VA stated that, going forward, it will continue to enhance its documentation process to keep in line with internal control standards.

VA also stated that we conclude that the lack of a single formal report to document how it selected the BURR sites means that it missed key factors to choose optimal sites. In fact, we do not point to the lack of a single formal report, nor do we specify the type of documentation VA should prepare for the selection of supportive-housing EULs going forward. Rather, we discuss the difficulty we had in reconciling the

multiple lists with different EUL sites VA provided to us at different points in time. We made over 10 formal requests for information and clarification on the sites selected, and VA did not provide us with comprehensive documentation on the reasons why they selected certain properties over others for development. We discuss the importance of clear documentation in the context of maintaining sufficient internal controls for program management and informing future decisions. In addition, we do provide several illustrative examples of sites that VA initially selected that missed key factors that prevented the development of the site. For example, VA later learned that one site was not located on VA property, another site was already used for other purposes, and another no longer had underutilized facilities. We point out that additional documentation could have allowed VA to more effectively implement the program by excluding sites such as these.

With regard to our second recommendation, VA stated that it is in the process of updating its EUL policy and guidance to specifically document requirements, which are detailed in the agency's comment letter (see app. VII), and it expects to complete the update by the end of the second quarter of 2017. Among the requirements, it refers to a review of market conditions, such as homeless populations to be served and the services they may require. However, VA does not specifically state that it will address how to identify properties that can meet the needs of homeless veterans. We continue to believe that VA should include this objective in its policy because, as discussed in our report, not all properties are suitable for housing the population the EUL program is required to serve.

In its comments, VA noted some additional points they felt we should include in our report. However, we did cover these points to the extent applicable. In particular, VA raised an overall concern that the theme of our report does not take into account the entrepreneurial spirit and private sector dependency that are fundamental to the EUL program. To the contrary, we make these points clear throughout our report, by discussing the multiple parties (e.g., public housing authorities, private development corporations, non-profit lessees, and service providers) that play key roles in the success of the EUL program. We discuss the range of services provided and the benefits to VA, lessees, developers, and the local community through participation in the program. We note that VA reported that its ability to retain EUL lease proceeds provides it with an incentive to be creative and aggressively pursue opportunities to collaborate with both private and non-profit entities. Further, we describe some of the key challenges that come with providing services through multiple parties—such as transportation, mail delivery, and law

enforcement. And, we acknowledge the complexity of financing supportive-housing EULs through multiple funding sources.

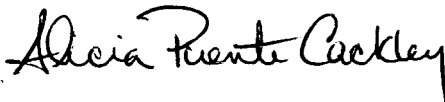
In sum, our report acknowledges VA's successful development of 35 active supportive-housing EULs, 6 under construction and 16 in development, notwithstanding the challenges faced with identifying suitable properties, stakeholder coordination, and obtaining sufficient financing. We believe that the improvements in documentation and updated policy that we recommended and VA has agreed to make will help to ensure that the supportive-housing EUL program continues to make an important contribution toward ending veterans' homelessness.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, the Secretary of Housing and Urban Development, the Executive Director of the United States Interagency Council on Homelessness, points of contact from the 13 EULs we visited, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions, please contact David Wise at (202) 512-2834 or Wised@gao.gov or Alicia Puente Cackley at (202) 512-8678 or Cackleya@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VIII.



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Appendix I: Objectives, Scope, and Methodology

This report examines: (1) how the U.S. Department of Veteran's Affairs (VA) uses enhanced-use leases (EUL) to provide supportive-housing and services; (2) VA's plans to develop additional supportive- housing through EULs and how past plans have been implemented, and (3) how the Department of Housing and Urban Development and Department of Veterans Affairs Supportive-Housing (HUD-VASH) program; the Grant and Per Diem (GPD) program; and the Supportive Services for Veteran Families (SSVF) program have helped support the goal of ending veterans' homelessness. This report focuses on VA's supportive-housing EULs.¹

To examine how VA uses its EUL authority to provide supportive-housing to veterans, we collected and analyzed data from VA on the 35 active and other supportive-housing EULs from July 1998 to September 2016 and reviewed VA's annual "EUL Consideration Report."² The data included project location, project status, housing type, the award date for the lease, number of housing units, and the year the facility began operating. We analyzed the number of EULs by housing type to determine what percentage of the housing units were permanent housing. We assessed the reliability of the data through interviews with knowledgeable VA officials and a review of the data for completeness and potential outliers. We determined that the data were sufficiently reliable for the purposes of providing summary information about supportive-housing EULs. Of the 35 active supportive-housing EULs, we conducted site visits to 13 supportive-housing EULs located on VA medical center (VAMC) campuses. Specifically, we visited the following supportive-housing EULs: one in Lyons, New Jersey; four in Dayton, Ohio; one in St. Cloud and two in Minneapolis, Minnesota; three in Hines, Illinois; and two in Sepulveda, California.³ We judgmentally selected these 13 supportive-housing EULs to include a range of geographic locations, a variety of stakeholders (e.g.,

¹For the purpose of this report, supportive-housing is defined as housing that engages tenants in on-site and community-based support services for the veterans or their families who are at risk of homelessness or are homelessness.

²VA's Fiscal Year 2017 "EUL Consideration Report," indicates that VA has 30 active EULs that do not provide supportive-housing. These EULs include administrative offices, parking, hospice centers, mental health facilities, and childcare facilities, among others. For the purpose of this report, we limited our scope to supportive-housing EULs.

³Some supportive-housing EULs are located on the same VAMC campus. For example, VA entered into four separate EUL agreements on the VAMC campus in Dayton, Ohio. Additionally, a supportive-housing EUL can have several buildings or facilities under the same lease.

public, private, and non-profit lessees and service providers); housing types (e.g., transitional and permanent housing); and with leases spanning a range of years. At these site visits, we interviewed VA officials from the Office of Asset Enterprise and Management (OAEM), Office of General Counsel, local VAMC officials, lessees (some of which were developers), and service providers to understand factors involved in developing the EULs, the supportive services provided, and the benefits of developing supportive-housing through the EUL program.⁴ The information from our site visits is illustrative of issues affecting particular sites and cannot be generalized to VA sites agency-wide. To understand how VA's EUL authority has supported housing for homeless veterans, we interviewed officials from the U.S. Interagency Council on Homelessness (USICH)—an independent federal agency composed of 19 Cabinet secretaries and agency heads, and not-for-profit veterans organizations concerned with veterans' homelessness: The National Alliance to End Homelessness, National Coalition for Homeless Veterans, U.S. Vets, Vietnam Veterans of America, and the National Equity Fund.

To examine VA's plans to develop additional supportive-housing and how VA implemented past plans, we analyzed VA data from July 1998 to September 2016 for projects under construction, development, and on hold. We assessed the reliability of the data through interviews with knowledgeable VA officials and a review of the data for completeness and potential outliers. We determined that the data were sufficiently reliable for the purposes of providing summary information about supportive-housing EULs. We also interviewed VA headquarters, local VAMC officials, lessees, and service providers as part of our 13 site visits. Five of the six VAMC campuses that we visited had supportive-housing EULs under development or construction. These VAMC campuses are located in Hines, IL; Lyons, NJ; Dayton, OH; and Minneapolis, and St. Cloud, MN. Additionally, we spoke to OAEM officials and local VAMC officials in Los Angeles, where VA is planning additional supportive-housing EULs. We also analyzed information on VA's Building Utilization Review and Repurposing (BURR) initiative to identify VA's proposed plans for and completed supportive-housing EULs.⁵ Additionally, we reviewed VA's policies on EULs, including *VA Handbook 7415* and *VA Directive 7415*,

⁴For example, veterans receive rental subsidies from different federal programs.

⁵Under the BURR initiative, VA evaluated unutilized and underutilized land and buildings on existing VA property for potential homeless housing projects for veterans through both public-private collaboration and VA's EUL program.

which contain EUL policies and procedures; and *VA Handbook 7454* and *VA Directive 7454*, which contain policies and procedures for oversight and management of EULs.⁶ To understand potential challenges in developing EULs, we interviewed OAEM officials, local VAMC officials, lessees, and service providers at the 13 operating supportive-housing EULs about the challenges of developing an EUL. We reviewed and analyzed leasing agreement documents, directives, agency policy, guidance, and VA reports. We also reviewed VA's Strategic Plan, VA Office of Inspector General's (OIG) work, and our prior work related to EULs and lease agreements. We also reviewed the Standards for Internal Control in the Federal Government.⁷

To describe how VA leverages key programs to support the goal of ending veterans' homelessness, we examined three key housing programs: HUD-VASH, GPD, and SSVF.⁸ For each program, we asked VA for information about its performance targets and outcomes for fiscal year 2012 onward and the role these programs play in providing rent subsidies and services for supportive-housing EULs. We assessed the reliability of the data through interviews with knowledgeable VA officials and a review of the data for completeness and potential outliers. We selected fiscal year 2012 because we had conducted a review of the HUD-VASH program that captured its performance for 2012—the year in which SSVF began operation. Selecting fiscal year 2012 also allowed us to capture the program outcomes in the years after VA and other agencies announced their goal to end veterans' homelessness. We conducted a literature review to identify available and relevant research on the effects of the three programs on homeless veterans. We identified relevant studies,

⁶VA, *VA Handbook 7415, Enhanced-Use Leasing Program* (Washington, D.C.: Dec. 21, 2011); VA, *VA Directive 7415, Enhanced-Use Leasing Program* (Washington, D.C.: Dec. 21, 2011); VA, *VA Directive 7454, Enhanced-Use Leasing Post Transaction* (Washington, D.C.: June 29, 2012); and VA, *VA Handbook 7454, Enhanced-Use Leasing Post Transaction*. (Washington, D.C.: June 29, 2012)

⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

⁸This report focus exclusively on VA's programs that provide housing or financial housing support to homeless veterans or veterans at risk of becoming homeless, in addition to other supportive services. It does not include all programs that VA administers that may support homeless veterans (i.e., the Health Care for Homeless Veterans Program and other such programs). In 2012, we found that 14 federal programs (including VA and other federal agencies) specifically targeted homeless veterans. See GAO, *Homelessness: Fragmentation and Overlap in Programs Highlight the Need to Identify, Assess, and Reduce Inefficiencies*, [GAO-12-491](#) (Washington, D.C.: May 10, 2012).

surveys, and analyses published by industry associations, academics or research entities, and federal agencies. A GAO social scientist assessed the design and methods of each study and determined they were sufficient to support the findings we cite in this report. Additionally, we interviewed VA's Veterans Health Administration Homeless Program Office and HUD officials about relevant studies. We reviewed HUD and VA guidance and policies on HUD-VASH, including notices HUD issued on set-aside funding availability for project-based HUD-VASH vouchers; VA's *Veterans Health Administration's (VHA) Handbook 1162.05* on the procedures for the HUD-VASH program, and VA's *Resource Guide on HUD-VASH*. Additionally, we reviewed guidance and policies VA has published on GPD and SSVF, including the *VHA Handbook 1162.01* on the procedures for the GPD program and VA's *SSVF Program Guide*. To understand how these programs have supported housing for homeless veterans and supportive-housing EULs we visited, we interviewed officials from the following organizations: VA's VHA; the Department of Labor; USICH; National Alliance to End Homelessness; National Coalition for Homeless Veterans; EUL lessees and service providers; and officials from the city and county of Los Angeles, which has the largest population of homeless veterans in the United States. Furthermore, to understand the roles the programs played in ending veteran homelessness in specific areas, we interviewed officials from Houston, Texas; New Orleans, Louisiana; the Las Vegas metropolitan area; and the Commonwealth of Virginia—all areas USICH certified as having ended veteran homelessness. We selected Houston, New Orleans, and the Las Vegas metropolitan area because, among the areas that ended veteran homelessness, they had the highest number of homeless veterans in 2011—the first year of the national effort to end veteran homelessness. We selected Virginia because it had a higher number of homeless veterans in 2011, as compared to Connecticut, the other state that had ended veteran homelessness at the time of our review. In Houston, we spoke with representatives from the local VA medical center, the Houston mayor's office, and representatives involved in the local SSVF and HUD-VASH program. Similarly, in New Orleans, we spoke with representatives from the local VA medical center and three service providers involved with the local SSVF and HUD-VASH programs. In the Las Vegas metropolitan area, we spoke with the Combined Working Group to End Veteran Homelessness, which included representatives from VA, HUD, city of Las Vegas, and several service providers. In Virginia, we interviewed representatives of the Governor's Coordinating Council on

Homeless Veterans. We also reviewed USICH's criteria and benchmarks for ending veteran homelessness.⁹ Additionally, we reviewed our prior work on veteran homelessness and the HUD-VASH program.¹⁰

We conducted this performance audit from October 2015 to December 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁹USICH, *Achieving the Goal of Ending Veteran Homelessness*. Version 3 (Washington D.C.: Oct. 1, 2015). USICH adopted a set of criteria for ending veteran homelessness. The criteria are: (1) the community has identified all veterans experiencing homelessness; (2) the community provides shelter immediate to any veteran experiencing unsheltered homelessness who wants it; (3) the community only provides service-intensive transitional housing in limited instances; (4) The community has capacity to assist veterans to swiftly move into permanent housing; and (5) the community has resources, plans, and system capacity in place should any veteran become homeless or be at risk of homelessness in the future.

¹⁰See GAO, *Federal Homelessness Programs: Fragmentation and Overlap in Programs Highlight the Need to Identify, Assess, and Reduce Inefficiencies*, [GAO-12-491](#) (Washington, D.C.: May 10, 2012), and GAO, *Veteran Homelessness: VA and HUD Are Working to Improve Data on Supportive-Housing Program*, [GAO-12-726](#) (Washington, D.C.: June 26, 2012)

Appendix II: The Population of Homeless Veterans in the United States, by State, 2016

Table 9: Department of Housing and Urban Development's Population of Homeless Veterans in the United States in 2016

State	Homeless Veteran Population by State	1 – 500	501 – 1,000	1,001 – 1,500	1,501 – 3,000	3,001 – 10,000
Alabama	373	X				
Alaska	168	X				
Arizona	1,036			X		
Arkansas	222	X				
California	9,612					X
Colorado	1,181			X		
Connecticut	216	X				
Delaware	107	X				
District of Columbia	350	X				
Florida	2,902				X	
Georgia	1,055			X		
Guam	21	X				
Hawaii	670		X			
Idaho	267	X				
Illinois	949		X			
Indiana	663		X			
Iowa	170	X				
Kansas	169	X				
Kentucky	512		X			
Louisiana	400	X				
Maine	146	X				
Maryland	555		X			
Massachusetts	949		X			
Michigan	822		X			
Minnesota	279	X				
Mississippi	144	X				
Missouri	575		X			
Montana	165	X				
Nebraska	219	X				
Nevada	851		X			
New Hampshire	123	X				
New Jersey	556		X			
New Mexico	214	X				
New York	1,248			X		

**Appendix II: The Population of Homeless
Veterans in the United States, by State, 2016**

State	Homeless Veteran Population by State	1 – 500	501 – 1,000	1,001 – 1,500	1,501 – 3,000	3,001 – 10,000
North Carolina	888		X			
North Dakota	116	X				
Ohio	930		X			
Oklahoma	358	X				
Oregon	1,341			X		
Pennsylvania	1,136			X		
Puerto Rico	146	X				
Rhode Island	89	X				
South Carolina	738		X			
South Dakota	120	X				
Tennessee	831		X			
Texas	1,768				X	
Utah	335	X				
Vermont	110	X				
Virgin Islands	32	X				
Virginia	515		X			
Washington	1,484			X		
West Virginia	143	X				
Wisconsin	415	X				
Wyoming	87	X				
Total	39,471					

Source: GAO analysis of Department of Housing and Urban Development 2016 point-in-time count of homeless persons on a single night in January. | GAO-17-101

Note: To access an interactive version of this information, see <http://www.gao.gov/products/gao-17-101>.

Appendix III: Participant Program Eligibility for Three Key Veterans' Housing Programs

Table 10: Participant Program Eligibility for Three Key Veterans' Housing Programs, as of September 2016

	Department of Housing and Urban Development and Department of Veterans Affairs Supportive-Housing (HUD-VASH)	Grant and Per Diem (GPD)	Supportive Services for Veteran Families (SSVF)
Targeted population	Homeless veterans, prioritizing chronically homeless or other vulnerable veterans and their families ^a	Any homeless veteran	Very low income veterans and their families at risk of becoming "literally" homeless or are "literally" homeless, prioritizing the latter group. ^b
Qualifying veterans ^c	Veterans must qualify for VA health care as determined by the VA ^d	All veterans except those with dishonorable discharge; veterans must have served in active service ^e	All veterans except those with dishonorable discharge; veterans must have served in active service ^e
Income eligibility	Household income not exceeding 80 percent of area median income	No stated income limit	Household income not exceeding 50 percent of area median income
Veteran's rent	Generally no more than 30 percent of monthly income	No more than 30 percent of monthly income ^f	Amount of rental assistance determined by the service provider
Limits on length of use	No limit	Generally up to 24 months, with a maximum three total stays unless waived by the VA ^g	6 to 12 months for rental assistance depending on income ^h

Source: GAO analysis of Department of Veterans Affairs' documents. | GAO-17-101

^aHUD defines chronically homeless to mean a homeless individual with disability who has not been living in a place meant for human habitation, in an emergency shelter, or in a safe haven for at least 12 months continuously or on at least four occasions in the last 3 years where those occasions cumulatively total at least 12 months.

^bA very low income veteran family is a veteran family whose annual income does not exceed 50 percent of the median income for an area or community. "Literally" homeless is defined as (1) an individual or family that has a primary night-time residence that is a public or private place not designed for or ordinarily used as regular sleeping accommodation for human beings; (2) living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements; or (3) an individual exiting an institution where he or she resided for 90 days or less and who met the first two criteria immediately prior to entering that institution. SSVF serves veterans and their families who are (1) "literally" homeless, but who are scheduled to become residents of permanent housing within 90 days; (2) "literally" homeless and exited permanent housing within the previous 90 days in order to seek housing more responsive to their needs and preferences; or (3) currently residing in permanent housing but at risk of becoming "literally" homeless.

^c38 U.S.C. §101(2); 38 C.F.R. § 3.1(d). A veteran is defined in statute as a person who served in the active military, naval or air service, and was discharged or released under conditions other than dishonorable. 38 U.S.C. § 101(2). There are currently five types of discharges: (1) honorable; (2) general; (3) other than honorable conditions or undesirable; (4) bad conduct; and (5) dishonorable.

^dEligibility for VA healthcare includes having a discharge of any condition other than dishonorable, active duty service.

^eActive service generally means full time service in a branch of the armed services for purposes other than training.

^fMonthly income after deducting medical expenses, child care expenses, court-ordered child support payments, or other court-ordered payments, it also may not exceed the program's set maximum rate or the HUD's Fair Market Rent for that type of housing and its location, whichever is less.

^gA veteran may extend past 24 months if permanent housing has not been located or if the veteran requires additional time to prepare for independent living. 38 C.F.R. § 61.80(d).

**Appendix III: Participant Program Eligibility for
Three Key Veterans' Housing Programs**

^hFor households with income below 30 percent of the area median income, up to 9 months in a 12-month period and 12 months in a 2-year period. For households with an area median income between 30 and 50 percent, up to 6 months in a 12-month period and 10 months in a 2-year period.

Appendix IV: Department of Veterans Affairs' (VA) 70 Supportive-Housing Enhanced-Use Leases (EULs) as of September 2016

Table 11: Department of Veteran Affairs' (VA) Enhanced-Use Lease (EUL) Sites by Status as of September 2016

EUL location name	State	EUL status	Housing type	Date lease awarded	Lessee	Number of housing units	Building Utilization Review and Repurposing (BURR) or Legacy
1. Vancouver	WA	Active	Permanent ^a	7/14/1998	Public — Housing Authority of the City of Vancouver	124	Legacy
2. Bedford	MA	Active	Permanent	9/10/2004	Private — Vietnam Veterans Workshop, Inc.	60	Legacy
3. Dayton	OH	Active	Permanent	12/30/2004	Nonprofit — Miami Valley Housing Opportunities	34	Legacy
4. St. Cloud	MN	Active	Permanent	5/24/2005	Public — St. Cloud Housing and Redevelopment Authority	61	Legacy
5. Minneapolis	MN	Active	Permanent	9/1/2005	Public — Hennepin County Housing and Redevelopment Authority	140	Legacy
6. Sepulveda	CA	Active	Permanent	12/21/2007	Private — New Directions Sepulveda I L.P.	73	Legacy
7. Sepulveda	CA	Active	Permanent	12/21/2007	Private — New Directions Sepulveda II L.P.	76	Legacy
8. Bedford	MA	Active	Permanent	12/27/2011	Private - Bedford Place, LLC (Peabody Properties)	69	BURR
9. Hines	IL	Active	Permanent	12/27/2011	Private — Hines Veterans Residences L.P. (Communities for Veterans)	72	BURR
10. Kerrville	TX	Active	Permanent	12/27/2011	Private - Freedoms Path at Kerrville (Communities for Veterans)	49	BURR
11. Lyons	NJ	Active	Permanent	12/27/2011	Private — Valley Brook Village I, LLC (Peabody Properties)	61	BURR
12. Menlo Park	CA	Active	Permanent	12/27/2011	Nonprofit - Willow Housing, LLC	60	BURR
13. Minneapolis	MN	Active	Permanent	12/27/2011	Nonprofit - Common Bond Communities	58	BURR
14. Newington	CT	Active	Permanent	12/27/2011	Private — Victory Gardens Housing, LLC	74	BURR
15. Roseburg	OR	Active	Permanent	12/27/2011	Private — Eagle Landing Associates, LLC	54	BURR

**Appendix IV: Department of Veterans Affairs'
(VA) 70 Supportive-Housing Enhanced-Use
Leases (EULs) as of September 2016**

EUL location name	State	EUL status	Housing type	Date lease awarded	Lessee	Number of housing units	Building Utilization Review and Repurposing (BURR) or Legacy
16. Tuscaloosa	AL	Active	Permanent	12/27/2011	Private - Map Development	50	BURR
17. Vancouver	WA	Active	Permanent	12/27/2011	Private - Vancouver Veterans Residences, LP (Communities for Veterans)	50	BURR
18. Walla Walla	WA	Active	Permanent	12/30/2011	Nonprofit - WWVA Housing, LLC	40	BURR
19. Barbers Point	HI	Active	Permanent and Transitional ^b	3/17/2003	Private — Cloudbreak, Hawaii, LLC	244	Legacy
20. Leavenworth	KS	Active	Permanent and Transitional	8/5/2005	Private — Eisenhower Ridge Association (Pioneer Group, Inc.)	94	Legacy
21. Canandaigua	NY	Active	Permanent and Transitional	12/27/2011	Private — Cazenovia Recovery Systems, Inc.	33	BURR
22. Northampton	MA	Active	Permanent and Transitional	12/27/2011	Nonprofit - Soldier On	60	BURR
23. Viera	FL	Active	Assisted Living ^c	12/13/2011	Private — PVII Viera Manor	86	BURR
24. Danville	IL	Active	Senior ^d	4/27/1999	Private — Danville VA L.P.	44	Legacy
25. Hines	IL	Active	Senior	7/30/2004	Nonprofit — Goedert Senior Housing Corporations	71	Legacy
26. Batavia	NY	Active	Senior	12/22/2008	Private — Havenwood Associates L.P.	32	Legacy
27. Dayton	OH	Active	Senior	12/30/2011	Nonprofit — St. Mary Development Corp	55	BURR
28. Roseburg	OR	Active	Transitional ^e	8/1/2000	Public — Housing Authority of Douglas County, OR	63	Legacy
29. Batavia	NY	Active	Transitional	5/24/2002	Nonprofit - Cazenovia Recovery Systems, Inc	18	Legacy
30. Hines	IL	Active	Transitional	8/22/2003	Private — Shelters for the Homeless and Cooke's Manor, LLC ^f	42	Legacy
31. Butler	PA	Active	Transitional	4/17/2007	Public — County of Butler, PA	20	Legacy
32. Dayton	OH	Active	Transitional	4/19/2007	Private — Ohio Avenue Commons, LLC	27	Legacy

**Appendix IV: Department of Veterans Affairs'
(VA) 70 Supportive-Housing Enhanced-Use
Leases (EULs) as of September 2016**

EUL location name	State	EUL status	Housing type	Date lease awarded	Lessee	Number of housing units	Building Utilization Review and Repurposing (BURR) or Legacy
33. Dayton	OH	Active	Transitional	11/5/2008	Nonprofit — Volunteers of America of Greater Ohio	50	Legacy
34. Battle Creek	MI	Active	Transitional	12/22/2008	Private — Medallion Management, Inc.	175	Legacy
35. Salt Lake City	UT	Active	Transitional	8/30/2011	Public — Housing Authority of Salt Lake City	72	Legacy
36. Brockton	MA	Construction	Permanent	12/27/2011	Private - Howard House, LLC (Peabody Properties)	14	BURR
37. St. Cloud	MN	Construction	Permanent	12/27/2011	Nonprofit - CBVA St Cloud, LP	37	BURR
38. Chillicothe	OH	Construction	Permanent	12/30/2011	Private - Chillicothe Veterans Residences, LP (Communities for Veterans)	60	BURR
39. Danville	IL	Construction	Permanent	12/30/2011	Nonprofit - Mercy Housing Lakefront	65	BURR
40. Grand Island	NE	Construction	Permanent	12/30/2011	Private - Grand Island, LLC (Pioneer Group)	26	BURR
41. Minneapolis II	MN	Construction	Permanent	N/A ^g	CHDC Veterans Limited Partnership	100	BURR
42. Augusta I	GA	Development	Permanent	12/27/2011	Private - Augusta Veterans Residences (Communities for Veterans)	70	BURR
43. Fort Harrison	MT	Development	Permanent	12/27/2011	Private - Fort Harrison Veterans, LLP (Communities for Veterans)	42	BURR
44. Fort Howard	MD	Development	Permanent	12/27/2011	Public - Fort Howard Development	50	BURR
45. Lyons II	NJ	Development	Permanent	12/27/2011	Private — Valley Brook Village I, LLC (Peabody Properties)	50	BURR
46. Togus	ME	Development	Permanent	12/27/2011	Non-Profit - Volunteers of America Northern New England	21	BURR

**Appendix IV: Department of Veterans Affairs'
(VA) 70 Supportive-Housing Enhanced-Use
Leases (EULs) as of September 2016**

EUL location name	State	EUL status	Housing type	Date lease awarded	Lessee	Number of housing units	Building Utilization Review and Repurposing (BURR) or Legacy
47. Hines II	IL	Development	Permanent	12/28/2011	Private — Hines Veterans Residences L.P. (Communities for Veterans)	52	BURR
48. Augusta II	GA	Development	Permanent	12/30/2011	Private - Augusta Veterans Residence, LPs (Communities for Veterans)	28	BURR
49. Cheyenne	WY	Development	Permanent	12/30/2011	Private - America First Real Estate Group	52	BURR
50. Lincoln	NE	Development	Permanent	12/30/2011	Nonprofit - Seniors Foundation	70	BURR
51. Perry Point	MD	Development	Permanent	12/30/2011	Nonprofit - Help USA	75	BURR
52. Northport	NY	Development	Permanent and Transitional	12/27/2011	Private - Northport Seniors, LLC (Communities for Veterans)	110	BURR
53. Viera Memory Care	FL	Development	Memory Care ^g	12/13/2011	Private — PVII Viera Manor	51	BURR
54. Battle Creek II	MI	Development	Transitional	12/22/2008	Private — Medallion Management, Inc.	75	Legacy
55. Dayton II	OH	Development	Transitional	12/30/2011	Communities for Veterans-Dayton	66	BURR
56. Leestown	KY	Development	TBD ^h	N/A ⁱ	AU Associates		BURR
57. Milwaukee	WI	Development	TBD	N/A	Private — Alexander Company		BURR
58. Battle Creek III	MI	Pre-Development		N/A	No developer selected		BURR
59. Dublin	GA	Pre-Development		N/A	No developer selected		BURR
60. Bath	NY	On Hold	Permanent	12/27/2011	Loyola Recovery Foundation	41	BURR
61. Salem	VA	On Hold	Permanent	12/30/2011	Private - Robra Construction, Inc	29	BURR
62. Topeka	KS	On Hold	Permanent	12/30/2011	Private - Pridon, LLC	30	BURR
63. Alexandria	LA	On Hold	Transitional	12/27/2011	Private - Westar Development, LLC	65	BURR
64. Knoxville	IA	On Hold	Transitional	12/27/2011	Private - Knoxville Veterans Alliance	75	BURR
65. Butler	IL	On Hold		N/A	No developer selected		BURR

**Appendix IV: Department of Veterans Affairs'
(VA) 70 Supportive-Housing Enhanced-Use
Leases (EULs) as of September 2016**

EUL location name	State	EUL status	Housing type	Date lease awarded	Lessee	Number of housing units	Building Utilization Review and Repurposing (BURR) or Legacy
66. Castle Point	NY	On Hold		N/A	No developer selected		BURR
67. Martinsburg	WV	On Hold		N/A	No developer selected		BURR
68. Montrose	NY	On Hold		N/A	No developer selected		BURR
69. White City	OR	On Hold		N/A	No developer selected		BURR
70. Fort Howard	MD	Terminated	Terminated	9/28/2006			Legacy

Source: Department of Veterans Affairs' data as of September 2016. | GAO-17-101

Note: To access an interactive version of this information, see <http://www.gao.gov/products/gao-17-101>.

^aPermanent facilities provide long-term housing with supportive services for people experiencing or at risk of homelessness, including those with disabilities.

^bPermanent and Transitional facilities provide both types of housing.

^cAssisted Living facilities provide permanent housing with services for the frail elderly and people with disabilities who can live independently but need assistance with activities of daily living.

^dSenior facilities provide permanent supportive-housing for seniors age 62 and over.

^eTransitional facilities provide time-limited housing that aims to facilitate the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months).

^fAfter the completion of our audit work, we learned from VA that, as of October 2016, Cooke's Manor remains an EUL but has no residents, and Catholic Charities is working on options for its future use.

^gMemory care facilities provide specialized long-term care services in a secured environment for individuals with dementia.

^hTBD stands for to be determined.

ⁱN/A stands for not applicable.

Appendix V: Profiles of the 13 Selected Supportive-Housing Enhanced-Use Leases

Table 12: New Directions Sepulveda (I L.P., Building 4, and II L.P., Building 5), Department of Veterans Affairs Sepulveda Ambulatory Care Center, Los Angeles, California

Housing type	Permanent
Number of units	149 studio units
Supportive services offered	Counseling, case management, crisis management, service coordination, job training and placement, and legal services
Veteran prioritization	Veterans only
Housing assistance programs	Department of Housing and Urban Development (HUD) and Department of Veterans Affairs Supportive-Housing, and HUD Housing Choice Voucher
Annual income eligibility	Up to 30 percent area median income
Lessee and organization type ^a	New Directions Sepulveda I, L.P., and New Directions Sepulveda II, L.P., private
Contracted service provider ^b	New Directions Inc., nonprofit
Enhanced-use lease	75-year lease of 2.44 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	December 2007
Facility opening	2013

Source: GAO Analysis. | GAO-17-101



Building 4 (New Directions Sepulveda I, L.P.)

Building 5 (New Directions Sepulveda II, L.P.)

Source: A Community of Friends, Los Angeles, CA and ND Sepulveda I, LP and ND Sepulveda II, LP Los Angeles, CA and GAO. | GAO-17-101

Note: For the purpose of this report, New Directions Sepulveda (NDS) I L.P., Building 4, and New Directions Sepulveda II L.P., Building 5 were combined into one case profile.

^aTwo nonprofits, A Community of Friends and New Directions, Inc., formed the private NDS I, L.P., and NDS II, L.P.

^bVeteran residents receiving HUD-VASH receive services from the Department of Veterans Affairs Sepulveda Ambulatory Care Center.

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 13: Cooke’s Manor, Department of Veterans Affairs Medical Center, Hines, Illinois

Housing type	Transitional
Number of units	40 private rooms with access to a common area that includes a kitchen, recreation room, and laundry facilities
Supportive services offered	Counseling, addiction counseling, case management, on-site recovery groups, education and employment training, budget planning, and aftercare
Veteran prioritization	Male veterans only
Housing assistance programs	Department of Veterans Affairs Grant and Per Diem
Annual income eligibility	For 2016, up to \$26,950 per person
Lessee and organization type	Shelters for the Homeless and Cooke’s Manor, LLC, private
Contracted service provider	Catholic Charities of the Archdiocese of Chicago, nonprofit
Enhanced-use lease	32-year enhanced lease of 0.50 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	August 2003
Facility opening	2005

Source: GAO Analysis. | GAO-17-101



Source: GAO. | GAO-17-101

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 14: Bishop Goedert Residence, Department of Veterans Affairs Medical Center, Hines, Illinois

Housing type	Senior housing
Number of units	71 one-bedroom units
Supportive services offered	Case management and service referrals to the Illinois Department of Aging and public benefits like Medicaid and food stamps
Veteran prioritization	Priority placement
Housing assistance programs	Department of Housing and Urban Development Section 202 Supportive-Housing for the Elderly
Annual income eligibility	In 2016, up to \$26,950 (one person) or \$30,800 (two persons)
Lessee and organization type	Goedert Senior Housing Corporation, nonprofit
Contracted service provider	Catholic Charities of the Archdiocese of Chicago, nonprofit
Enhanced-use lease	75-year lease of 1.84 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	July 2004
Facility opening	2006

Source: GAO Analysis. | GAO-17-101



Source: GAO. | GAO-17-101

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 15: Freedom’s Path I, Department of Veterans Affairs Medical Center, Hines, Illinois

Housing type	Permanent housing
Number of units	72 efficiency and one-bedroom units
Supportive services offered	Case management, counseling, crisis management employment assistance, and support groups like Alcoholics Anonymous
Veteran prioritization	Veterans only
Housing assistance programs	Departments of Housing and Urban Development and Department of Veterans Affairs Supportive-Housing
Annual income eligibility	2 units up to 80 percent area median income (AMI); 34 units up to 50 percent AMI, and 36 units up to 30 percent AMI
Lessee and organization type	Hines Veterans Residences L.P. (Communities for Veterans), private
Contracted service provider	Pinnacle Property Maintenance, private
Enhanced-use lease	75-year lease of 4.7 acres
New construction or rehabilitation	New construction
Lease awarded	December 2011
Facility opening	2015

Source: GAO Analysis. | GAO-17-101



Source: Cook County Economic Development Blog, Cook County, IL and GAO. | GAO-17-101

Table 16: Al Loehr Veterans and Community Studio Apartments, Department of Veterans Affairs Medical Center, St. Cloud, Minnesota

Housing type	Permanent
Number of units	61 studio units
Supportive services offered	Case management and other supportive services
Veteran prioritization	Priority placement into 51 percent of the units
Housing assistance programs	No veterans-specific housing assistance programs
Annual income eligibility	20 units up to 30 percent of the area median income (AMI) for Hennepin County; 40 units up to 50 percent statewide income or AMI, whichever is greater
Lessee and organization type	St. Cloud Housing and Redevelopment Authority, public
Contracted service provider	Catholic Charities of the Diocese of St. Cloud, nonprofit
Enhanced-use lease	50-year lease of 5.62 acres
New construction or rehabilitation	New construction
Lease awarded	May 2005
Facility opening	2006

Source: GAO Analysis. | GAO-17-101



Source: Catholic Charities of the Diocese of St. Cloud., St. Cloud, MN. | GAO-17-101

Table 17: Veterans and Community Housing, Department of Veterans Affairs Medical Center, Minneapolis, Minnesota

Housing type	Permanent
Number of units	140 units
Supportive services offered	No services offered onsite, but service referral available
Veteran prioritization	Priority placement into 51 percent of the units
Housing assistance programs	Department of Veterans Affairs Grant and Per Diem, Department of Housing and Urban Development Housing Choice Vouchers
Annual income eligibility	Up to 30 percent area median income (AMI) or 50 percent AMI
Lessee and organization type	Hennepin County Housing and Redevelopment Authority, public
Contracted service provider	Community Housing Development Corporation, nonprofit
Enhanced-use lease	60-year lease of 4.34 acres
New construction or rehabilitation	New construction and rehabilitation
Lease awarded	September 2005
Facility opening	2006

Source: GAO Analysis. | GAO-17-101



Source: BDC Management Co., Minneapolis, MN and GAO. | GAO-17-101

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 18: Upper Post Veterans Community, Department of Veterans Affairs Medical Center, Fort Snelling Upper Post, Minnesota

Housing type	Permanent
Number of units	58 studio, one-, two-, and three-bedroom units
Supportive services offered	Case management, referrals, educational and employment services, health and wellness activities, financial literacy, and transition services at move out
Veteran prioritization	Priority placement
Housing assistance programs	Department of Housing and Urban Development (HUD) and Department of Veterans Affairs Supportive-Housing, HUD Housing Choice Vouchers, and other programs
Annual income eligibility	Up to 50 to 60 percent area median income (AMI), or \$1,374 per month for other programs
Lessee and organization type	Common Bond Communities, nonprofit
Contracted service provider^a	Common Bond Communities Advantage Services, nonprofit
Enhanced-use lease	50-year lease with the option of a 25-year extension of 5.76 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	December 2011
Facility opening	2015

Source: GAO Analysis. | GAO-17-101



Source: GAO. | GAO-17-101

^aCommon Bond Communities Advantage Services, a department within Common Bond Communities, is the supportive service provider.

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 19: Valley Brook Village Phase I, Department of Veterans Affairs Medical Center, Lyons, New Jersey

Housing type	Permanent
Number of units	61 furnished units
Supportive services offered	In-home counseling, recovery planning, medication education and monitoring, on-site and 24/7 on-call crisis prevention and intervention, mental health education, assistance applying for benefits, financial literacy skills, computer and vocational training center on site
Veteran prioritization	Priority placement
Housing assistance programs	Department of Housing and Urban Development and Department of Veterans Affairs Supportive-Housing
Annual income eligibility	Up to \$36,400 or 50 percent area median income
Lessee and organization type	Valley Brook Village I, LLC (controlled by Peabody Properties, Inc.), private
Contracted service provider	Community Hope, nonprofit
Enhanced-use lease	75-Year lease of 12.88 acres
New construction or rehabilitation	New construction
Lease awarded	December 2011
Facility opening	2013

Source: GAO Analysis. | GAO-17-101



Source: Peabody Properties, Inc., Braintree, MA. | GAO-17-101

Table 20: Iowa Avenue—Building 412, Department of Veterans Affairs Medical Center, Dayton, Ohio

Housing type	Permanent
Number of units	34 units
Supportive services offered	Case management, service referral and skills training
Veteran prioritization	Priority placement for male veterans
Housing assistance programs	Department of Health and Human Services Projects for Assistance in Transition from Homelessness, and Department of Housing and Urban Housing Choice Vouchers
Annual income eligibility	Up to 30 percent area median income, or \$12,950 annual income
Lessee and organization type	Miami Valley Housing Opportunities, nonprofit
Contracted service provider	Homefull, nonprofit
Enhanced-use lease	50-year lease of 2.20 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	December 2004
Facility opening	2005

Source: GAO Analysis. | GAO-17-101



Source: GAO. | GAO-17-101

Table 21: Ohio Avenue Commons—Building 402, Department of Veterans Affairs Medical Center, Dayton, Ohio

Housing type	Transitional
Number of units	27 units
Supportive services offered	Case management and service referral
Veteran prioritization	Priority placement
Housing assistance programs	Department of Housing and Urban Development (HUD) Continuum of Care, and HUD and Veterans Affairs Supportive-Housing
Annual income eligibility	Up to 30 percent area median income, or \$12,950 annual income
Lessee and organization type	Ohio Avenue Commons, LLC, private
Contracted service provider	Homefull, nonprofit
Enhanced-use lease	65-year lease of 0.6 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	April 2007
Facility opening	2008

Source: GAO Analysis. | GAO-17-101



Source: Miami Valley Housing Opportunities, Dayton, OH and GAO. | GAO-17-101

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 22: Building 400, Department of Veterans Affairs Medical Center, Dayton, Ohio

Housing type	Transitional
Number of units	50 “dorm style” beds—residents share rooms and common areas including bathrooms and a cafeteria
Supportive services offered	Case management, counseling, three meals per day, employment assistance, substance abuse counseling, and mental and physical health referrals
Veteran prioritization	Veterans only
Housing assistance programs	Department of Veterans Affairs Grant and Per Diem
Annual income eligibility	No set income limit
Lessee and organization type^a	Volunteers of America of Greater Ohio, nonprofit
Contracted service provider	Volunteers of America of Greater Ohio, nonprofit
Enhanced-use lease	30-year lease of 1.50 acres
New construction or rehabilitation	Rehabilitation
Lease awarded	November 2008
Facility opening	2010

Source: GAO Analysis. | GAO-17-101



Source: U.S. Department of Veterans Affairs and GAO. | GAO-17-101

^aVolunteers of America of Greater Ohio serves as the lessee and contracted service provider.

Appendix V: Profiles of the 13 Selected
Supportive-Housing Enhanced-Use Leases

Table 23: Lyons Place II, Department of Veterans Affairs Medical Center, Dayton, Ohio

Housing type	Senior
Number of units	55 one- and two-bedroom units
Supportive services offered	Case management and referral services
Veteran prioritization	Priority placement
Housing assistance programs	Department of Housing and Urban Development (HUD) Section 202 Supportive-Housing for the Elderly, and HUD Housing Choice Vouchers
Annual income eligibility	Up to 60 percent area median income or \$22,100 (for units with a HUD subsidy) or \$25,920 (for units without a HUD subsidy)
Lessee and organization type	St. Mary's Development Corporation, nonprofit
Contracted service provider	National Church Residences, nonprofit
Enhanced-use lease	75-year lease of 6 acres
New construction or rehabilitation	New construction
Lease awarded	December 2011
Facility opening	2015

Source: GAO Analysis. | GAO-17-101



Source: National Church Residences, Upper Arlington, OH, and GAO. | GAO-17-101

Appendix VI: Comments from the United States Interagency Council on Homelessness



December 1, 2016

David J. Wise, Director, Physical Infrastructure
Alicia Puente Cackley, Director, Financial Markets and Community Investments
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Wise and Ms. Cackley:

The U.S. Interagency Council on Homelessness (USICH) appreciates the opportunity to comment on the draft report *Homeless Veterans: Management Improvements Could Help VA Better Identify Supportive Housing Projects* (GAO-17-101). Through the critical partnerships at the federal, state, and local levels, we've reduced Veteran homelessness by 47% in this country between 2010 and 2016—including a remarkable 17% reduction during 2015 alone—and achieved a 56% reduction in Veterans experiencing unsheltered homelessness.

Our progress has been driven by urgent action at all levels of government and across all sectors. Federal agencies have engaged in unprecedented coordination and shared responsibility. The administration and Congress have expanded investments into federal programs, such as the HUD-VA Supportive Housing (HUD-VASH) program and the Supportive Services for Veteran Families (SSVF) program, which provide a range of housing and services interventions. State and local entities, and philanthropy, have aligned investments with the federal resources.

As referenced in the report, HUD-VASH, SSVF, Grant and Per Diem (GPD), and the Enhanced-Use Lease Program (EUL) all contribute to the progress on ending Veteran homelessness and sustaining that progress, in addition to investments like DOL's Homeless Veterans Reintegration Program (HVRP) and HUD's Continuum of Care annual competition. It remains essential to use many different strategies to expand the supply of housing opportunities for Veterans in order to achieve the goal. We fully agree with the report's perspective that the EUL program is among those key strategies that can meaningfully contribute to the supply of supportive housing opportunities needed to end Veteran homelessness and to meet the needs of Veterans into the future.

Again, USICH appreciates the opportunity to comment on the report and supports continued investments in the wide array of services and programs targeting Veterans at-risk of and/or experiencing homelessness across the country.

Sincerely,

Matthew Doherty
Executive Director

www.usich.gov | 1275 First Street, NE, Suite 227, Washington, DC 20552 | 202.708.4663

Appendix VII: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

November 29, 2016

Mr. David J. Wise
Director
Physical Infrastructure
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Wise:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report (GAO-17-101), ***"Homeless Veterans, Management Improvements Could Help VA Better Identify Supportive Housing Projects"*** (GAO-17-101).

The Department recognizes the significant effort that GAO invested into reviewing VA's program to provide permanent supportive housing to homeless Veterans under VA's Enhanced Use Lease (EUL) program. The report makes two recommendations focused on helping VA improve the EUL program to meet the needs of homeless Veterans by 1) updating VA policy to incorporate the current EUL authority and ensure there are clearer decision-making processes; and 2) better documenting the selection and development processes for projects to comply with internal control standards.

Overall, VA is concerned that the general theme of the report does not take into account the entrepreneurial spirit and private sector dependency that are fundamental to the EUL program. The success of EUL projects depends on partnerships with the public and private sectors, which have a unique financing structure and developmental synergy, which varies significantly from a typical government-funded program. There are many factors outside VA and the government's control, such as private financing, market demands, etc., that determine if an EUL will be successful.

Central to the recommendations is the assertion that VA did not comprehensively document its decision-making process for selecting supportive housing EULs. VA believes that it did have a comprehensive decision-making process in place that included a formally charted governance board and documented Secretarial approval at multiple stages in the development and project selection processes. The enclosed flow chart documents that process and also highlights points in time where VA notified Congress of its plans.

GAO is silent about specifically addressing how the VA site selection process would have improved with additional steps, and what specific policy changes would have achieved better results. That is important to note because the due diligence that

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Mr. David Wise

the Lessees need to perform to help the parties verify project viability differs from site to site. Varying factors include the uniqueness of the contemplated location of the site; and the requirements, process, and timeline of local authorities and other entities such as lenders and local housing authorities. Often their input is essential to determining project viability, specifically on issues such as financing and tax credit availability, local zoning, permitting, utilities, and taxation. Such factors are inherent in public/private ventures of this nature, so VA formally documenting its site selections more clearly would not necessarily have caused VA to pick different sites for the Building Utilization Review and Repurposing (BURR) projects.

To factually reflect the corporate level of engagement in the EUL decision-making project selection process, VA recommends that the report clarify that all due diligence to satisfy the statutory requirements was completed and concurred on by pertinent VA offices including the Veterans Health Administration, Office of Management, the Office of General Counsel, and ultimately the Department's top executive leadership.

The BURR initiative, launched in 2009, was a successful initiative that helped the Department identify potential supportive housing sites, among other purposes, which eventually resulted in the execution of 38 lease agreements. Contrary to the statements in the report, the BURR initiative was not launched because VA's EUL authority was expiring. In fact, the BURR initiative progressed naturally from previous real estate initiatives. The Capital Asset Realignment for Enhanced Services (CARES) initiative and the decision of the Secretary in 2004, formed the basis for launching a more comprehensive review of VA's entire inventory of unneeded buildings and properties in 2005. This more focused undertaking, the Site Review Initiative (SRI) initiative, was formalized in 2006 to encompass and expand on the findings of CARES. The SRI effort was subsequently embodied in the BURR process, launched in 2008. When it became apparent that the entire BURR effort could be derailed with the expiration of the EUL authority, VA had to modify the process to be able to execute short-term leases. VA purposefully built in safeguards and legal protections that allowed the due diligence process to continue for up to 5 years before the Department finalized long term EUL commitments. VA formalized this process in a decision memorandum signed by VA's (then) Chief of Staff on December 21, 2011.

VA never intended to document all of its continuing efforts in a single, formal report, given that Secretarial decisions, governance structures and numerous notification processes were in place. VA also provided formal updates on its ongoing efforts via the Department's annual budget submissions, EUL Consideration Reports, and periodic updates to external stakeholders such as Members of Congress. In hindsight, we agree with GAO's opinion that VA and external stakeholders could have benefited from the development of such a report as an effective communication tool and to help ensure the transfer of institutional knowledge. VA concentrated its program efforts instead exclusively on developing critically needed housing for homeless and at-

Page 3.

Mr. David Wise

risk Veterans to support the Secretary's, and one of VA's, primary strategic goals to eliminate Veteran homelessness.

VA plans to continue utilizing the EUL program to develop supportive housing for Veterans and their families. The success of VA's EUL program has led to the availability of 2,227 units of housing on VA campuses nationwide to house Veterans who would otherwise be homeless. Over 1,000 additional units are under construction or under development. Going forward, VA will ensure that additional clarifications are made to the EUL Directive and Handbook, which serves as VA's policy for executing the program. VA will also continue enhancing its documentation process to keep in line with internal control standards. VA's EUL program is an important element within the comprehensive set of strategies deployed in the effort to end Veteran homelessness. Through this comprehensive set of strategies, the number of Veterans experiencing homelessness in the United States has declined by nearly 50 percent since 2010. The recently released Department of Housing and Urban Development's Point-in-Time (PIT) count estimates that on a single night in January 2016, fewer than 40,000 Veterans were experiencing homelessness and just over 13,000 were unsheltered or on the street. The 17-percent decline in Veteran homelessness between 2015 and 2016 is quadruple the previous year's annual rate of decline.

The enclosure to this letter conveys our general and technical comments on the draft report and documents VA's extensive decision-making process followed before executing the 38 EUL agreements. The enclosure also includes a plan of action to implement GAO's recommendations. VA appreciates the opportunity to comment on your draft report.

Sincerely,



Gina S. Farrisee
Deputy Chief of Staff

Enclosures

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“HOMELESS VETERANS: Management Improvements Could Help VA Better
Identify Supportive Housing Projects”***
(GAO-17-101)

General Comments:

The general theme of the report does not take into account the entrepreneurial spirit and private sector dependency that are fundamental to the enhanced-use lease (EUL) program. Nor does it take into account that the success of EUL projects depends on partnerships with the public and private sectors, and the unique program structure varies significantly from a typical government funded program. There are many factors outside the government's control, such as private financing, market demands, etc., that determine if an EUL will be successful.

The report also analyzes the EUL program in a way that presumes and concludes that VA's lack of a single, formal report to document how it selected the BURR sites selections means VA missed key factors to choose optimal sites. GAO makes that conclusion despite a successful track record where VA currently has 37 housing-related EULs comprised of 2,227 Veteran housing units; another 352 housing units currently in construction; and 32 non-housing projects in operation at various locations nationwide.

The GAO Report is also silent about the fact that back in the 2010-2011 timeframe, VA successfully balanced the due diligence needed to select the BURR sites in a way that was consistent with the EUL statute in place since 1991. Until the summer of 2011, VA was confident the statute would be reauthorized prior to its sunset on December 31, 2011. VA believes it made appropriate site decisions at that time with independently available information and with assistance from a national real estate consulting firm. Had VA delayed or prolonged the process it took, VA might have lost the opportunity to move forward on the selected BURR sites, due to the then-EUL statute expiring in December 2011, with no guarantee that Congress and the President would later reauthorize some form of the authority. In fact, the current version of the EUL statute was not enacted until August 6, 2012, in HR 1627. In that instance, VA potentially would have lost the ability to provide much-needed housing for Veterans across the country, including underserved Veteran populations that are homeless, severely disabled, aging, or female.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***"HOMELESS VETERANS: Management Improvements Could Help VA Better
Identify Supportive Housing Projects"***
(GAO-17-101)

GAO Recommendation: To improve VA's supportive housing EUL program and meet the needs of homeless Veterans, we recommend that the Secretary of the Department of Veterans Affairs should direct the Office of Asset Enterprise Management to take the following two actions:

Recommendation 1: Clearly and completely document the selection process for all supportive housing EULs from predevelopment through completion of VA's development phase in keeping with internal control standards and VA policy.

VA Comment: Concur. While noting the General Comments above, VA believes that it did document the selection process that led to the execution of the Building Utilization Review and Repurposing (BURR) initiative supportive housing EUL agreements in December 2011, but agrees with GAO's opinion that VA and stakeholders could have benefited from a single formal report as an effective communication tool and to help ensure the transfer of institutional knowledge. VA concentrated its program efforts instead exclusively on developing critically needed housing for homeless and at-risk Veterans to support the Secretary's, and one of VA's, primary strategic goals to eliminate Veteran homelessness. Going forward, VA will continue enhancing its documentation process to keep in line with internal control standards.

Since 1998, VA has undergone the following three extensive, national initiatives to address its real estate portfolio considering the needs of Veterans of all eras, 21st century technologies, updated health care delivery, VA's aging infrastructure and finite resources:

1. Capital Asset Realignment for Enhanced Services (CARES)
2. Site Review Initiative (SRI)
3. Building Utilization Review and Repurposing (BURR)

Each initiative involved the identification of capital assets for potential repurposing through VA's EUL authorities. These undertakings included a multi-faceted, deliberative and integrated, enterprise-wide decision process that built upon the experiences and findings of prior studies and initiatives. In practice, VA memorialized its decision-making through decision documents, briefings with subject matter experts, internal stakeholders, and the Department's executive leadership, and hands-on Secretarial review and final approval.

The enclosed flowchart highlights the major initiatives that contributed to the Department's identification of potential supportive housing projects and its decision-making processes.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“HOMELESS VETERANS: Management Improvements Could Help VA Better
Identify Supportive Housing Projects”***
(GAO-17-101)

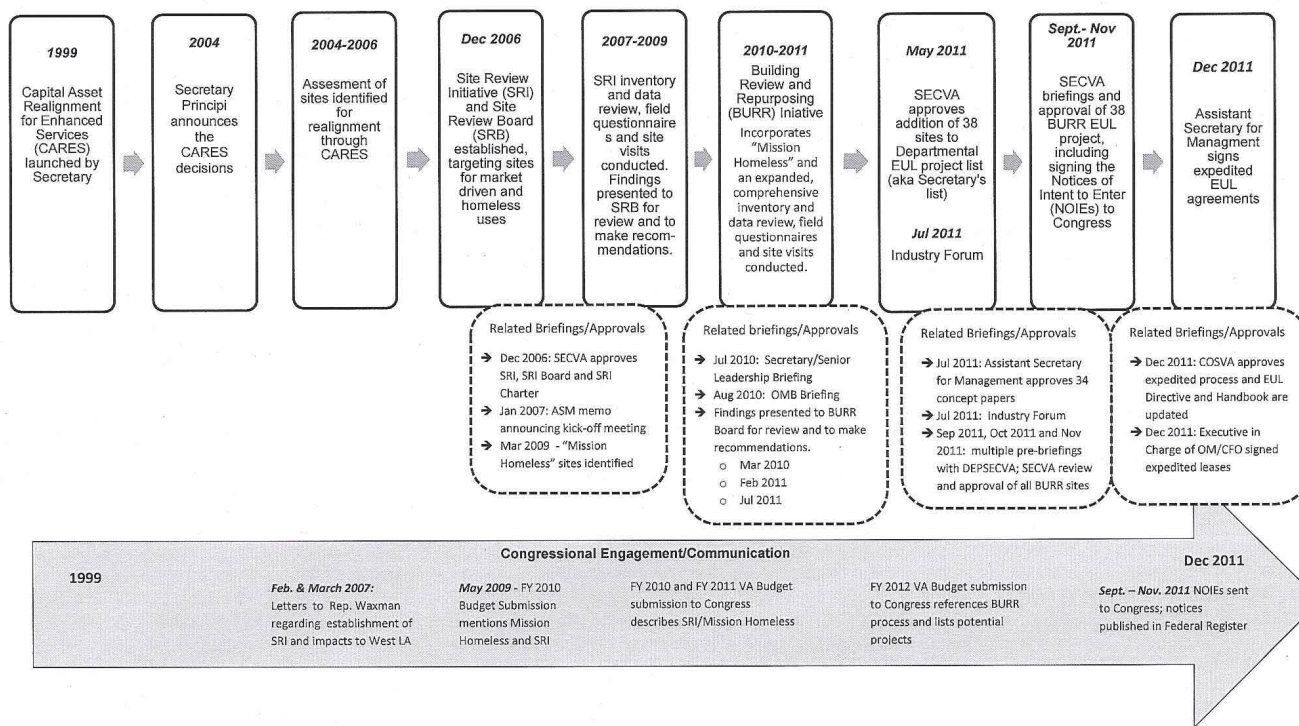
Recommendation 2: Update its EUL policy to (1) address the current authority for developing supportive housing; and (2) specify how to identify properties for supportive housing EULs that can meet the needs of homeless Veterans.

VA Comment: Concur. VA is in the process of updating the EUL Directive and Handbook that contain the policy and guidance to execute the program. The updated Directive and Handbook will further enhance the general policy and guidance to specifically document the following requirements:

1. VA will conduct a formal study on each potential EUL prior to entering the Concept Paper Review Process and adding the EUL to the Department's EUL Project List. The initial study will include the following objectives:
 - A review of the title and encumbrances of record for the real estate being considered for an EUL
 - A review of environmental considerations or issues, and assessment of potential historic preservation issues
 - A review of utility access
 - A review of market conditions, such as homeless populations to be served and the services they may require
 - An analysis of potential project support from the public, state/local government, and Veterans Service Organizations
 - An analysis of potential project support from local Public Housing Agencies
 - A review of potential financing sources for the project
 - Authority and program requirements of EULs pursued under the West Los Angeles Leasing Act of 2016 (HR 5936), which was executed in September 2016.
2. Based on the initial study objectives, VA will determine if a potential EUL warrants further due diligence provided by the Concept Paper Review process. As discussed in the EUL Handbook, the Concept Paper Review process is an integrated enterprise-wide decision process involving all VA EUL stakeholders.
3. These additional refinements will further enhance the already established processes documented in the EUL Directive and Handbook that serve as VA's policy guidance documents. VA's target is to update the current EUL Directive and Handbook by the end of the second quarter of FY 2017.

Appendix VII: Comments from the Department of Veterans Affairs

Enhanced-Use Lease (EUL) Supportive Housing Process Timeline



Appendix VIII: GAO Contacts and Staff Acknowledgments

GAO Contacts

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Alicia Puente Cackley, (202) 512-8678 or cackleya@gao.gov

Staff Acknowledgments

In addition to the contacts named above, Amelia Shachoy (Assistant Director), Marshall Hamlett (Assistant Director), Nelsie Alcoser (Analyst in Charge), Russell Burnett, Delwen Jones, Joshua Ormond, Ernest Powell, Susmita Pendurthi, Kelsey Sagawa, Jessica Smith, Crystal Wesco, Daniel Will, and Weifei Zheng made key contributions to this report.

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